Parliamentary and Health Service Ombudsman

Since publishing this report, we have changed our name to the **Public Service Ombudsman**.

Our role and the service we provide remain the same.

Public Service Ombudsman

The Ombudsman's

Annual Report and Accounts 2021-2022

HC 526

Parliamentary and Health Service Ombudsman

The Ombudsman's

Annual Report and Accounts 2021-2022

For the period 1 April 2021 to 31 March 2022

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of the Health Service Commissioners Act 1993

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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 2021-22. 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

Our role is to give a voice to those who are let down by the system when no one listens.

We are here to ensure that when mistakes are made, they are acknowledged, that there is an apology and that lessons are learned. Throughout 2021-22, PHSO has exposed injustice through its casework and investigation reports.

In July 2021 PHSO published **Unlocking Solutions in Imaging**, highlighting recurrent failings in the way X-rays and scans are reported and followed up across the NHS. This report included cases of evidence of cancer in X-rays and in scans which went unreported, leading to delayed diagnoses and poorer outcomes for patients. PHSO made recommendations to improve imaging services across the health system.

In the same month, PHSO published the first stage of an investigation into the communication by the Department for Work and Pensions (DWP) of changes to the State Pension age for women. Many women told us they were unaware that the age at which they could claim their State Pension had changed. Our investigation found there were failings by DWP in the way this change was communicated.

In January 2022, we published the case of a woman whose benefits had been mistakenly cut after she was moved on to Universal Credit. This had devastating effects on her health. While DWP repaid the missing benefits, it failed to follow its own rules and pay compensation. We found this approach affected 118,000 people and laid a forensic report in Parliament.

While PHSO seeks justice for complainants, we also want to improve public services through better complaints handling. This reporting year, our ground-breaking NHS Complaint Standards have been piloted, with a roll-out across the NHS planned for early 2023. In March 2022, we started a consultation on the equivalent standards for Government Departments. Both these sets of Standards will lead to a better complaints experience.

On the international stage, PHSO continued to be an active supporter of Ombudsman colleagues across the world.

In November 2021, PHSO and the International Ombudsman Institute jointly hosted a conference in Manchester when Ombuds from more than 30 countries met to discuss how to create stronger Ombudsman institutions in line with the Venice Principles. The conference drew on the findings of **'The Art of the Ombudsman'**, a PHSO report published in May 2021 looking at how Ombudsman organisations around the world have responded to the crisis of COVID-19.

Finally, after the delay caused by the pandemic, we consulted on a new three-year strategy that will take us further down the road of becoming an even more modern and vibrant Ombudsman service. This new strategy will see us reach out to more people in need and harness the power of data and technology for a modern, digital service.

This is an exciting and significant time for PHSO. I want to thank the Board, Chief Executive and the executive team for their support and for all that has been delivered. Most of all, I want to thank all the staff at PHSO who work so hard to defend people's rights and achieve justice.

Rob Behrens, CBE,
Accounting Officer,
Ombudsman and Chair
Parliamentary and Health Service Ombudsman
July 2022

Foreword from the Chief Executive

The year 2021-22 saw PHSO continue to adjust to the ever-changing situation caused by the global pandemic.

At the same time, demand for our service increased, with complaints about the NHS and Government departments 24% above pre-pandemic levels. This shows a change in dynamic from the previous year when the public pursued fewer complaints during the period of the NHS's greatest challenge. We have responded to this change, both in how we consider complaints, and in our interactions with the healthcare system and Government.

The pandemic and associated intense pressure on the NHS had a significant impact on our service. We started this year with a queue of 3,200 cases. Despite reduced capacity in the NHS to respond to requests for information throughout the year we have made significant progress in reducing this queue, finishing 2021-22 with 2,200 left unallocated. This was achieved by improving processes, bringing in more caseworkers and dedicating resources to complaints which raised the most serious issues, where people face the most significant injustice. This was also achieved while continuing to improve the quality of our work.

We invested in our people throughout the last year in both skills and technology, to help them carry out their roles effectively. We began piloting a hybrid working model in September 2021. The pilot formally finished in May 2022 and we are now carrying out our evaluation before determining the best approach for future working.

A new intranet was successfully launched at the end of the business year. This will keep staff better connected and give them the information and support they need to fulfil their roles in the most efficient and effective way. Further improvements to IT systems are scheduled for 2022-23.

I am delighted with the results from the all-staff survey that show our people are engaged and committed to PHSO. The employee engagement score increased from 66% to 69%, outstripping the civil service. We promote a learning culture, encouraging staff to help us improve. We also have a Freedom to Speak Up Guardian, who offers independent advice for staff if they would prefer to raise issues on a confidential basis. This is one of a range of ways we support people who work at PHSO and make it a place that everyone is proud to work.

The past year has been unpredictable and full of challenge. Our achievements in this context are a testament to the people who work at PHSO and their dedication to helping those most in need. I want to thank them all for their hard work and commitment.

Amanda Amroliwala, CBE,
Chief Executive
Parliamentary and Health Service Ombudsman
July 2022

Vision and strategy

Vision

A voice for improvement in public services through the provision of an independent, impartial and fair complaints handling service, as an internationally respected public services ombudsman.

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 to account organisations that provide public services. 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 were developed in close consultation with staff and stakeholders.

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 page 50.

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 three-step process, set out on the following pages. 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.

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.

1

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.

Primary investigation

We conduct a primary investigation to consider if the complaint can be resolved quickly without the need for further investigation. This may include mediation.

2

This includes checking that:

The complaint is a serious one

- If we can resolve a complaint quickly, we will do so. If we can't and can see the impact on the complainant was minor, we will not look at it in more detail. We use our severity of injustice scale to determine the seriousness of a complaint.

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.

Detailed investigation

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

3

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.

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 a delay to PHSO's new three-year strategy until 2022-23. This allowed for a period during 2021-22 of recovery and stabilisation from COVID-19 and its effect on public sector services. A one-year plan provided a bridge to our new three-year strategy, which has now been published.

The three key objectives for 2021-22 were:

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 2021-22

Introduction to the performance overview

The need for PHSO services has increased over this reporting year with demand reaching 24% above the pre-pandemic year of 2018-19. PHSO continued to be affected by the COVID-19 pandemic, in both the delivery of our service as the NHS and Government departments responded to the pandemic and how our people were able to operate. Despite this, we have been able to reduce the queue of cases waiting to be considered down from 3,200 to 2,200. Home working continued for PHSO office-based employees before the introduction of hybrid working arrangements.

PHSO's previous three-year strategy was completed in 2021. Due to the pandemic and the postponement of the Government's three-year spending allocation, the decision was taken to use 2021-22 as a bridging year and postpone development of a new strategy. Instead, we used the last year to consult on our strategy for 2022-25, which has now been published. The consultation found there was overwhelming support for the direction taken as PHSO continues to build on improvements from previous years.

Key facts in 2021-22

453
complaints resolved without the need for an investigation

Staff received
2,048
days of formal training to improve our service

Financial remedy recommendations made totalled
£265,656

82
new staff recruited to respond to complaints

7,372
decisions made on primary or detailed investigations

99%
of decisions on initial checks were made within seven days

989
recommendations made

What we achieved in 2021-22

Objective 1:

Managing the impact of COVID-19 and embedding strategic change

Managing the impact of COVID-19 on our service

Throughout 2021-22 the PHSO workforce maintained a flexible and effective approach to working which enabled the organisation to continue to deliver a full service through lockdowns and other COVID-related restrictions. Staff were equipped to work securely and effectively in the office and at home.

However, the ongoing challenges of COVID-19 faced by PHSO, the health service and Government departments throughout the year resulted in a queue of cases waiting to be considered. To manage the queue and mitigate the future impact on our service, on 15 April, and after careful consultation, we began managing our NHS casework differently.

We continued to examine all complaints brought to us. If a complaint could be resolved quickly, we would do so. If a complaint required more time and the impact of the claimed injustice was relatively limited, we decided not to consider the complaint further. This approach meant PHSO's resources were focused on the complaints which raised the most serious issues and where people were facing the most significant injustices. We also began recruiting more caseworkers to handle the backlog of complaints and meet future demand.

At the beginning of the financial year, there were over 3,200 complaints in the queue, but with the new approach in place, the year ended with 2,200 complaints in the queue waiting to be considered. Throughout this time, demand for our service increased and we continued to meet this challenge while simultaneously improving casework quality through initiatives delivered under the Quality Programme.

Improving quality across PHSO

The Quality Programme, launched in May 2020, aimed to improve the quality of PHSO's casework, services and processes and to embed a culture of continuous improvement across the organisation. Throughout 2021-22, the Programme delivered training and resources, including new Quality Standards, upskilling caseworkers and operations managers, and providing mentoring.

We developed detailed guidance and case studies in gathering, balancing and explaining evidence, interpreting alternative legal remedy and the time limit, and handling compliance. Four Parliamentary focus teams were established which resulted in improved performance, skills and confidence in handling Parliamentary cases.

Improvements were made continuously throughout the year to the Casework Management System and casework process, leading to increased efficiency and improved overall quality.

In April we began publishing Quality Standards scores, which measure the quality of casework decisions to make sure we take a consistent and robust approach to assuring quality. These are mapped against Service Charter scores so we can compare the results with feedback from complainants and organisations we investigate.

Overall, the Programme has had a significant impact on service delivery, including:

- improvement in the quality of investigations and final reports
- progression towards our aim of providing a transparent and modern Ombudsman service through the routine publication of these reports
- a reduction in waste and duplication in the casework process
- better information on quality, leading to improved assurance of casework.

Quality Programme focus: delivering the recommendations of the Clinical Advice Review

The project that implemented the recommendations of the Clinical Advice Review concluded this year. Closer integration of clinical advisers into the casework process has been embedded across the operation and we published information on our website about how we use clinical advice and work with advisers. Work has also begun to develop a Clinical Advice Quality Framework to further improve trust and confidence in the quality and standards of PHSO's casework.

Quality Programme focus: publishing casework decisions and summaries online

In April 2021, PHSO began publishing anonymised casework decisions online after the initial phase of a new casework portal went live. This was a key deliverable of the Quality Programme. 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. We also continued to publish individual case summaries that had wider applicable learning. This was a significant step in delivering on our commitment to become a more transparent organisation. Further improvements to the portal are planned for 2022-23.

Objective 2:
Delivering priority organisational projects

Smarter working with improved information and communication technology (ICT)

To support staff to work effectively and securely whether they are working in the office or remotely, we made significant improvements to our technology infrastructure and ways of working. Staff told us they wanted to work smarter and more efficiently, from any location. We made several changes to our system to enable better collaboration, more secure use of data and more integrated use of ICT tools.

We migrated to SharePoint, allowing for more efficient ways of working with documents. This and other improvements created a more accessible and secure ICT working environment and added new security measures with fewer steps in the process. We built a new telephone system and contact centre to replace an outdated system. This will be rolled out in 2022. More improvements are underway in 2022-23 to support staff to continue to deliver an efficient and high-quality service.

A new intranet

Our intranet is vital for keeping staff informed and engaged and ensuring a sense of connection across the organisation, particularly in a hybrid working environment. We developed a new intranet system which successfully launched in April 2022. Staff fed into an extensive consultation to inform its development, ensuring their needs were met.

The new system is more accessible, easier to navigate, more interactive and personalised to each user. It provides staff with a better understanding of projects and team priorities across PHSO, and how their own work supports the organisation to deliver the corporate strategy and achieve our aim of improving public services.

Objective 3:
Developing our future strategy

Developing the corporate strategy for 2022-25

After initially inviting consultation on a new three-year strategy in 2020, we decided to adopt a one-year bridging plan for 2021-22 and work towards preparing a **new strategy for 2022-25**. We took the feedback received in 2020, refreshed the draft strategy and published it for public consultation in October 2021. The strategy was planned to be implemented concurrently with, and subject to, the Comprehensive Spending Review settlement.

Staff were consulted extensively on the draft strategy through workshops, structured discussions and team meetings. Stakeholders also fed into its development during the public consultation. A large majority of respondents to the consultation (80%) were positive about the plans set out.

The result is a strategy that is ambitious, building on the success of PHSO's transformation over the past five years. It recognises the need to address the challenges faced by the public sector that were highlighted by the pandemic and focuses on our purpose to make complaints count and improve public services.

Key areas of focus include:

- ensuring greater awareness of and access to the Ombudsman
- improving our access to and use of data
- continuous improvement in casework.

A successful funding request in the Comprehensive Spending Review will enable us to deliver these ambitions.

Sharing insight to improve public services

Insight reports present analysis of multiple investigations to demonstrate where systemic issues have caused repeated failings. We also regularly publish single case investigation reports and summaries that show how complaints have resulted in learning for Government and NHS organisations. Sharing this learning demonstrates the value in individuals speaking up when they have received a poor service to support public service improvements.

NHS imaging insight report

In July 2021 PHSO published **Unlocking Solutions in Imaging**, a report highlighting recurrent failings in the way X-rays and scans are reported on and followed up across NHS services. In several cases outlined in the report, signs of cancer in X-rays and scans were not reported, which led to delayed diagnoses and poorer outcomes for patients. The report included several recommendations for both imaging services and the health system as a whole and highlighted the need for NHS leaders across clinical specialisms to collaborate on their implementation.

Stakeholders such as the Royal College of Radiologists welcomed the recommendations, and we continue to monitor NHS England and Improvement and the Department for Health and Social Care progress in delivering them.

Case study

Unlocking Solutions in Imaging

A patient was diagnosed with breast cancer in 2017. A CT scan also showed signs of pancreatic cancer, but this finding was not reported or escalated. In 2019, further scans showed signs of advanced pancreatic cancer. At this point the 2017 CT scan was reviewed and the patient was admitted to hospital. The previously unreported findings led to further tests and an eventual diagnosis, and the patient was placed on a palliative care pathway.

We found there were several missed opportunities to diagnose the pancreatic cancer earlier which might have led to different or more effective treatment options for the patient, that could have prolonged their life.

Investigation into women's State Pension age change

In July 2021 PHSO published a report of the first stage of an investigation into the communication by the Department for Work and Pensions (DWP) of changes to the State Pension age for women. We received a significant number of complaints about the issue, with many women telling us they were unaware that the age at which they could claim their State Pension had changed. The first stage of our investigation found there were failings in the actions taken by DWP to communicate this change. The next stage of the investigation, to consider the impact these failings had on people affected, is underway, and will be published later in 2022.

Employment and Support Allowance report

A single investigation report we published and laid before Parliament in January 2022 about a Government error with benefits payments highlighted that over 118,000 people had been affected by the same issue. It presented the case of Ms U, whose Employment and Support Allowance (ESA) payments were mistakenly cut, leaving her unable to heat her home and buy food. ESA is paid to people who have a reduced capacity to work because of illness or a disability. The report was discussed in Parliament and Ministers were challenged on what action they would take to compensate the 118,000 people affected by the error. We are continuing to monitor progress on this.

Case study

Employment and Support Allowance error

Due to an error by the Department for Work and Pensions (DWP), Ms U could not afford to heat her home or buy the food she needed to stay healthy. Her mental and physical health declined drastically. Her hair fell out, she lost weight and her mental health deteriorated.

The error also prevented Ms U from getting other benefits she was eligible for, including free medical prescriptions to manage a range of health issues, funding to buy a washing machine and urgently needed dental care. She was at risk of hypothermia and her arthritis got worse because she lost out on £700 in Warm Home discounts.

In addition to compensating Ms U for their failings in her case, the Ombudsman called on DWP to pay compensation to all those affected in recognition of the impact the error had on them, which it has so far failed to do.

Improving frontline complaint handling

Following a successful consultation, a group of NHS organisations began piloting the NHS Complaint Standards which were published in March 2021. Their feedback on how the Standards work in practice will feed into the final version, which will be rolled out across the NHS in early 2023.

This year we also developed the UK Central Government Complaint Standards which were published for consultation in March 2022. They were developed in partnership with staff from central Government departments, public bodies and advice and advocacy groups. Our research into people's attitudes towards public bodies found that they do not feel confident about existing complaint processes. These findings strengthened the case for consistent, clear standards that will support better communication between providers and the public, leading to better, more efficient public services.

International Ombudsman outreach

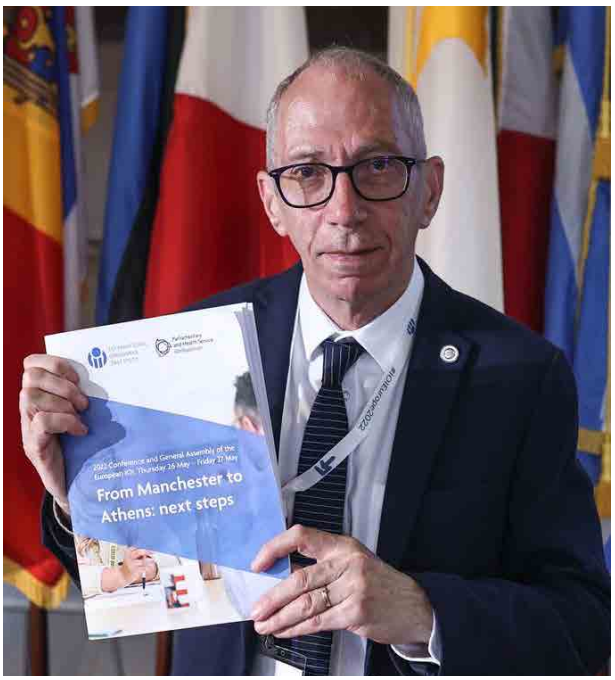
The Manchester Memorandum

In November 2021 PHSO jointly hosted, with the International Ombudsman Institute (IOI), the Working Seminar on development of national Ombudsman institutions. PHSO proposed a 'Manchester Memorandum' to meet the challenges and significant changes faced by Ombudsman schemes. Delegates from over 30 countries around the world discussed the issues explored in PHSO's **Art of the Ombudsman** report, published in May 2021.

Using the results of the IOI's survey of members, participants at the working seminar considered:

- how to reach marginalised and vulnerable communities
- development of competency frameworks
- peer review and the Venice principles
- branding and the term 'Ombudsman'.

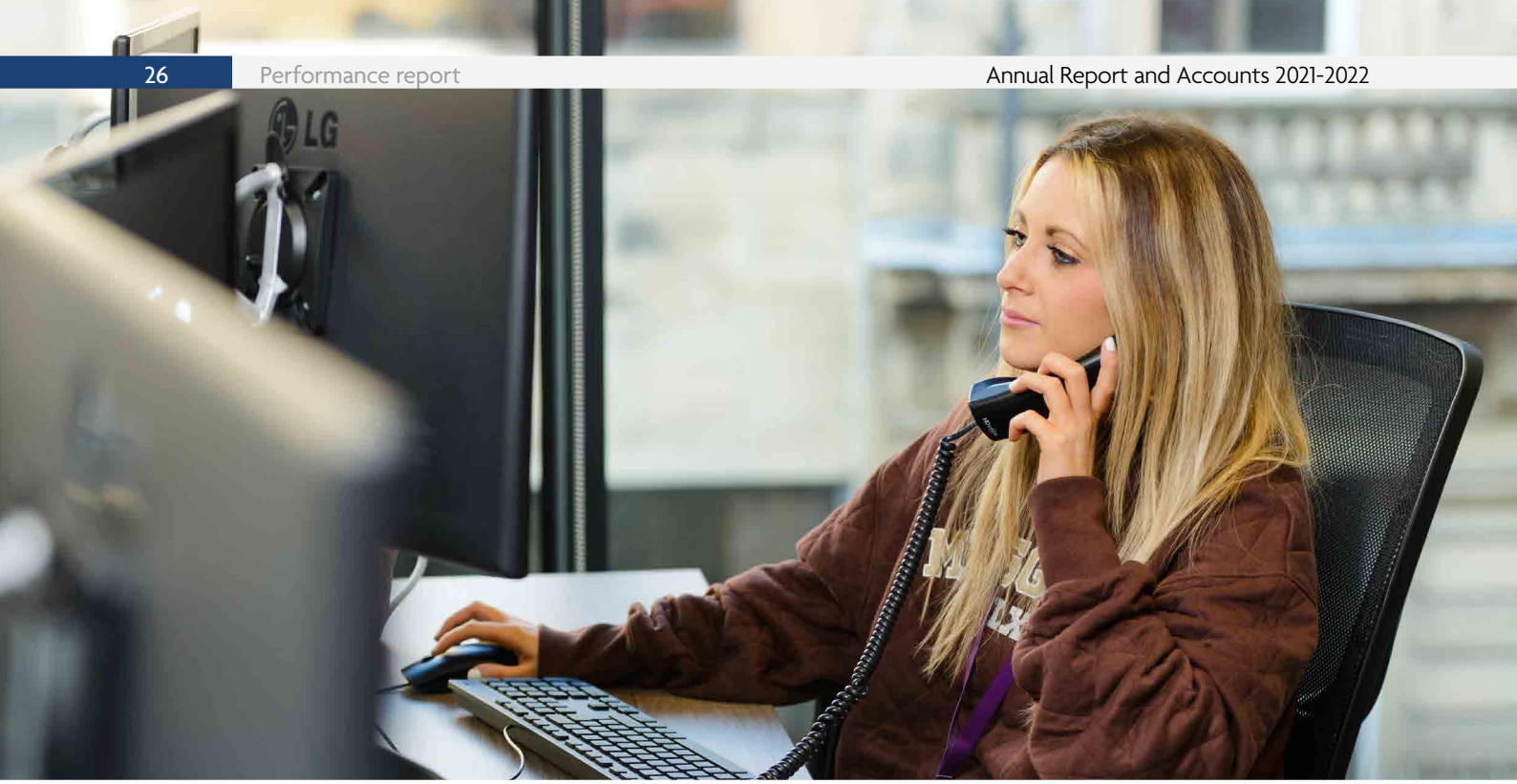
A report and action plan from the event fed into discussions at the IOI World Conference and General Assembly held in Athens in May 2022.



South African Ombudsman learning exchange

In March 2021, PHSO formally launched its 18-month partnership with the South African Office of the Health Ombud (OHO).

The partnership was initiated by the UK's Foreign and Commonwealth Development Office as part of its Global Better Health Programme. The aim of the Programme is to support the development of health economies in middle-income countries. As part of the partnership, we are delivering a range of learning exchanges which support the OHO's priorities and help strengthen oversight and accountability in the South African health system. We have delivered sessions on casework methodology, peer review, mediation, communicating with complainants and using clinical advice.



Performance analysis

This section of the report provides a detailed analysis of performance at PHSO during 2021-22. 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.

To aid transparency, changes were made to 2020-21's report 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. The same reporting process has been followed this year.

Where comparative data for previous years is not available, the reason for this has been given.

The following performance data is included in this section.

How we describe our work	
Enquiries dealt with by contact centre	Made by email, post, 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 decisions made following initial checks, decisions made or resolved following primary investigation and 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 • **Lower severity of injustice** - the complainant affected has experienced a low impact injustice such as a one-off incident that caused short-term annoyance or frustration, or a failing which caused minor pain for a short period of time • **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 discontinued 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. This includes identifying 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	Year			
	2018-19	2019-20	2020-21	2021-22
Phone calls	55,734	54,698	33,818	45,712
Total enquiries (including phone calls, emails, post, webform)	**112,262**	**103,965**	**79,249**	**122,367**

In 2021-22, the number of enquiries received via phone calls, emails, letters and completed webforms was 122,367. This is 54% higher than in 2020-21 where the total number received was 79,249, which as we reported last year was a lower number due to some enquiries not being counted because of the pandemic and our offices being closed. For a more meaningful comparison, the figure for 2021-22 is 18% higher than in 2019-2020 and 9% higher than the pre-pandemic year of 2018-19.

Complaints worked on during the year

Complaints worked on during the year	Year			
	2018-19	2019-20	2020-21	2021-22
Carried over from the previous year	3,946	3,057	3,549	5,251
Accepted for consideration	29,264*	31,365*	19,700	29,665
Accepted for consideration following re-presentation			5,142	6,583
Carried forward to the next year	3,057**	3,549**	5,251**	4,885**

*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.

Progression of complaints in 2021-22 was still affected by the reduced capacity in the NHS as it continued to respond to the pandemic.

From the previous year, we carried over 5,251 complaints into 2021-22 that were already being worked on or that were waiting to be considered. The number of complaints carried forward from 2020-21 into 2021-22 was 48% higher than the number carried forward the year before (3,549). The increase in complaints carried forward into 2021-22 was due to both a rise in demand for our service and the continued impact of COVID-19.

We accepted 36,248 complaints for consideration in 2021-22, of which 6,583 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 2021-22 there were 4,885 complaints either in progress or waiting to be allocated to a caseworker. This is 366 fewer than in 2020-21. While the numbers have reduced, they continue to remain high due to the impact of the pandemic on both NHS teams and PHSO. They also reflect increased number of complaints being considered by the 82 new caseworkers recruited into PHSO.

Decisions made

Over the last year PHSO made 36,614 decisions on complaints.

Stages in the complaint process

Decisions made - at each stage in the complaint process	Year			
	2018-19	2019-20	2020-21	2021-22
Decided following initial checks	21,672	23,141	18,689	29,213
Resolved by mediation	N/A	14	14	29
Decided following primary investigation	6,332	6,530	3,864	6,760
Decided following detailed investigation	1,837	1,210	557	612
Total complaint decisions	**29,841**	**30,895**	**23,124**	**36,614**

The total volume of decisions made in 2021-22 increased by around 58% compared to 2020-21. The percentage of decisions reached following initial checks remained steady at 80% in 2021-22 and 81% in 2020-21. Following principles applied by other Ombuds schemes in the international community to manage demand (see 'Managing the impact of COVID-19 and embedding strategic change' page 19), 1,319 were deemed to not require further consideration due to the impact of the claimed injustice being relatively limited. The percentage of complaints decided at detailed investigation remained steady at 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 ten categories. For a full description of definitions for the types of decisions we make, see How we describe our work on page 26.

Decisions made – types of decision		Year			
		2018-19	2019-20	2020-21	2021-22
Not able to consider further	Not ready for us	20,683	21,960	17,103	26,043
	Out of jurisdiction or remit	1,587	1,677	1,197	1,879
	Out of time	685	969	522	834
	Lower severity injustice	N/A	N/A	N/A	1,319
Examined for maladministration and/or injustice	No failings or injustice identified	3,077	2,290	1,536	1,734
	Failings or injustice identified, but already addressed	836	776	462	498
	Failings or injustice identified, with recommendations made	746	650	338	394
Resolved	Resolved with the agreement of the complainant	444	372	283	453
Withdrawn/ discontinued	Withdrawn or discontinued	623	348	243	337
Other	Other reason to conclude the complaint, for example, an alternative legal remedy	1,160	1,853	1,440	3,123
	Total complaint decisions	**29,841**	**30,895**	**23,124**	**36,614**

The proportion of different types of decisions that we made in 2021-22 is similar to 2020-21 and is in line with our commitment to make the right decision at the right time. The percentage of 'Not ready for us' decisions reduced to 71% from 74%. Overall trends remained similar to those in 2019-20.

In 2021-22 we resolved 29 complaints through mediation. As predicted, this is a rise from 14 in 2020-21 when many mediations could not be progressed until late in the year as NHS involvement was not possible. We anticipate that a significantly higher number of mediations will take place in 2022-23.

The time it takes to reach a decision

Time taken to reach a decision		Year				Target
		2018-19	2019-20	2020-21	2021-22	
Decided following initial checks	Within 7 days	93%	96%	99%	99%	95%
Decided following further consideration	Within 13 weeks	41%	48%	25%	32% (31%)	50%
	Within 26 weeks	72%	80%	52% (49%)	49% (48%)	75%
	Within 52 weeks	92%	93%	89% (85%)	81% (81%)	95%

Comparative data in this section excludes the three months when we, along with the NHS, suspended complaints handling in 2020-21 so that the NHS could focus its efforts on dealing with the pandemic. The percentages in brackets include the three months pause for comparison.

In 2021-22 99% of decisions made following initial checks were reached within seven days. This was against a target of 95% and is the same as 2020-21.

The volume of decisions reached following further consideration, within 13, 26 or 52 weeks are still below pre-pandemic levels. The principal reasons for this were our reduced ability to progress complaints during on-going 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 may then establish an inquiry to look into the matter, or refer it to another Committee to do so, holding to account the Secretary of State for the relevant department or head of the NHS organisation.

Recommendations made and compliance with those recommendations	Performance			
	2018-19	2019-20	2020-21	2021-22
Apologies	510	507	267	361
Service improvements	450	491	226	294
Other actions to put things right	103	71	82	85
Financial compensation recommendations	345	297	170	249
Total recommendations made	**1,408**	**1,366**	**745**	**989**
Financial compensation total	£252,473	£626,289	£492,823	£265,656
Recommendations closed complied with	1251	1273	543	863
Recommendations closed not complied with	11	1	2	2

During the year we made a total of 989 recommendations. These included 361 formal apologies, 249 payments to make up for financial loss or to recognise the impact of what went wrong, 294 service improvements such as changing procedures or training staff, and 85 other actions to put things right.

The financial payment recommendations totalled £265,656. The largest single payment was for £51,000. this represents a decrease from the previous year's total, however, 2020-21 included a single payment of £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	2021-22
Giving you the information you need	We will explain our role and what we can and cannot do (%)	79%	79%	77%	76%
	We will explain how we handle complaints and what information we need from you (%)	80%	79%	78%	73%
	We will direct you to someone who can help with your complaint if we are unable to, where possible (%)	78%	72%	76%	76%
	We will keep you regularly updated on our progress with your complaint (%)	81%	79%	80%	73%
	Overall section score against a KPI of 84% (%)	**79%**	**77%**	**78%**	**75%**
Following an open and fair process	We will listen to you to make sure we understand your complaint (%)	73%	72%	71%	65%
	We will explain the specific concerns we will be looking into (%)	88%	87%	81%	77%
	We will explain how we will do our work (%)	77%	77%	77%	75%
	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%	48%
	We will share facts with you and discuss with you what we are seeing (%)	68%	70%	69%	64%
	We will explain our decision and recommendations, and how we reached them (%)	53%	47%	49%	47%
	Overall section score against a KPI of 70% (%)	**68%**	**67%**	**66%**	**63%**

Service Charter		Performance			
		2018-19	2019-20	2020-21	2021-22
Giving you a good service	We will treat you with courtesy and respect (%)	90%	89%	87%	86%
	We will give you a final decision on your complaint as soon as we can (%)	53%	50%	46%	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%	59%
	Overall section score against a KPI of 70% (%)	**70%**	**68%**	**65%**	**64%**

Complaints about our service and how we reach decisions

Service and decision reviews	Performance			
	2018-19	2019-20	2020-21	2021-22
Service review requests	335	126	71	61
Service review requests upheld	147	56	40	25
Decision review requests	1,199	942	478	455
Decision review requests upheld	43	120	97	37
Positive feedback received	104	110	100	86

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. Complaints about the service being provided by an individual member of staff or team should be considered by the relevant manager. The manager should attempt to resolve these concerns. In the rare circumstance that the manager is unable to resolve the complaint to the service user's satisfaction, further consideration can be given by a separate review team.

In 2021-22 we decided on 61 formal complaints about our service (service review requests), which is less than 1% of the total number of complaint decisions. This compares to 71 (<1%) in the previous year. We upheld 25 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 2021-22, we made 25 compensation payments to complainants due to poor service. These came to a total of £23,420.

Decision review requests

We 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:

- it 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 2021-22, we carried out 455 review requests of decisions (decision review requests) and upheld 37 of them. In 2020-21, we completed 478 review requests of decisions and upheld 97 of them.

This year we received 86 pieces of positive, written feedback from people who used our service and from organisations we investigate.

Information rights

Information rights requests	Performance			
	2018-19	2019-20	2020-21	2021-22
FOI requests received in year	364	224	345	498
SAR requests received in year	307	349	201	288
FOI requests responded to in statutory limitations	93%	89%	68%	51%
SAR requests responded to in statutory limitations	95%	79%	61%	45%

The number of Freedom of Information (FOI) requests we received increased by 44% compared to 2020-21.

The percentage of FOI requests responded to within 20 working days fell by 17 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 16 percentage points. This is due to the large increase in requests received and difficulties faced in accessing paper files during lockdown periods and other 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. In our new strategy we will be carrying out work to reach underrepresented groups to better understand the barriers to using our service and how to remove them.

Who uses the Ombudsman's service	Performance			
	2018-19	2019-20	2020-21	2021-22
Male	43%	47%	48%	46%
Female	57%	53%	52%	54%
18-34	14%	15%	14%	18%
35-54	42%	42%	42%	37%
55-74	38%	38%	36%	39%
75+	6%	4%	8%	6%
People with disabilities	44%	42%	45%	39%
Non-disabled	56%	58%	55%	61%
Asian, Black, Mixed Ethnicity and Other Ethnic Group	17%	16%	19%	18%
White	83%	84%	81%	82%

Risks we managed

In 2021-22 we redesigned our strategic risk register to improve clarity and understanding of key risks. We continued to operate effective risk management, using an established best-practice approach through the following activities:

- In March 2021, the PHSO Board reviewed and approved the organisation's risk appetite statement – which is the articulation of the amount of risk we were willing to accept in the pursuit of strategic objectives
- The Board also agreed a suite of risk tolerance measures, setting the parameters for the level of risk we could accept. We monitored these risk measures and reported to the Board quarterly on performance against them. This ensured that we could promptly identify instances where risk was outside the defined tolerance level, and allow for corrective action to be taken
- We continued to raise awareness of the risk management framework across the organisation by delivering mandatory risk management training to all PHSO staff
- We further embedded effective risk management by hosting risk-themed workshops for relevant project and directorate stakeholders.

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

Strategic risk	What we did to mitigate the risk
Business Plan Delivery of Business Plan activity is limited by capacity constraints, challenges to recruitment and ongoing, long-term impacts of COVID-19. This risk remained stable throughout 2021-22 and was managed through effective planning.	• Rephased some Business Plan activity to the 2022/23 business year, to allow for the impact of COVID-19 and other competing priorities while ensuring future delivery • Commenced recruitment for additional casework and programme office resource • Remained flexible in how we reallocated resources to address the impact of COVID-19
Casework quality Planned improvements to the quality of casework are not realised due to resource and recruitment limitations. The risk remained low throughout the year, having been effectively managed.	• Introduced new Quality Standards • Continued the effective approach to assurance of casework decisions, which includes monthly performance monitoring and quarterly oversight from the Quality Committee • Began to publish casework outcomes online • Delivered a programme of work to improve assurance of casework quality
Demand Future demand levels are greater than forecasted, recruitment of new caseworkers proves challenging, and we begin to receive a higher proportion of complex casework. This risk remained high throughout 2021-22.	• Delivered Continuing Health Care and Personal Health Budget training to select staff, to target demand in these specialist areas • Continued to monitor the accuracy of forecasting on a monthly basis, refining our forecasting model in the process • Redesigned our recruitment approach to reinforce our reputation as an employer of choice and increase resilience in casework

Strategic risk	What we did to mitigate the risk
Funding We do not receive the funding required to meet our ambitious strategic objectives and/or we must reprioritise resources to meet demand needs. The outlook of this risk improved significantly during the year.	• Engaged with HM Treasury to ensure that the direction and scope of our strategy was fully understood • Costed major initiatives early in the Strategy design process, combined with financial and demand scenario planning
Staff engagement As staff adopt a hybrid working pattern, we face challenges in new ways of working. We face increased instances of absence due to the pandemic. This risk improved in outlook over the course of 2021-22.	• Launched Future Working Practices pilot, through which we were able to monitor staff wellbeing as we returned to the office • Carried out the Annual Staff Survey to confirm that staff felt supported and engaged, with improvement actions to be developed from the results

Financial review

The PHSO's expenditure is reported in the Statement of Outturn against Parliamentary Supply on (pages 85 to 91), and the Statement of Comprehensive Net Expenditure (page 98). We do not charge for our services and the only income we receive is occasional cost recoveries; all our expenditure is funded by Parliament.

Our budget falls under three headings in the Treasury's spending control framework. The majority is Resource Departmental Expenditure Limit (RDEL). The RDEL budget funds our salaries and operating costs.

We also have a Resource Annually Managed Expenditure (RAME) budget, and a Capital DEL (CDEL) budget. The RAME budget covers the creation of provisions, and the CDEL budget funds the purchase of fixed assets.

The budgets and actual spend for each of these headings in 2021-22 is summarised in the table below and shown in more detail in Summary of Resource and Capital Outturn in the Accountability Report on page 86. The actual spend over the past five years, and the budgets agreed in Spending Review 2021 for the next three years, are set out in the table on page 41.

The main factor in the £1.1m (3%) underspend of the RDEL budget was slippage in planned recruitment, due to the competitive employment market. Shortages of preferred models of IT equipment in the final quarter of the year caused the £0.2m (11%) underspend of the CDEL budget. The RAME budget was set to cover provisions for legal claims and dilapidations. Legal claims are inherently difficult to forecast and value, so we take a cautious approach in budgeting. In the event only 5% of the budget was used.

Summary of expenditure in 2021-22

	Budget	Actual	Underspend / overspend	
	£m	£m	£m	%
Departmental Expenditure Limit				
Resource	33.5	32.4	1.1	3%
Capital	2.0	1.8	0.2	11%
Annually Managed Expenditure				
Resource	1.5	0.1	1.4	95%
Total resource	35.0	32.5	2.5	7%
Total capital	2.0	1.8	0.2	11%
Total	37.0	34.3	2.7	7%

Actual spend over past 5 years and budgeted spend for next 3 years

Departmental Expenditure Limit	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	£m	£m	£m	£m	£m	£m	£m	£m
Total resource	29.4	27.2	27.1	29.5	32.5	40.4	41.8	42.8
Total capital	1.6	1.0	2.1	1.6	1.8	2.0	2.0	2.0
Total	**31.0**	**28.2**	**29.2**	**31.1**	**34.3**	**42.4**	**43.8**	**44.8**

The capital budget for 2022-23 shown above excludes the amount allocated for the book entries necessary to adopt IFRS16: Leases.

Spending in 2021-22

The Statement of Comprehensive Net Expenditure on page 98 and the related notes to the accounts show the detail of our spending in 2021-22.

Staff costs are the biggest expense, at nearly 80% of the resource budget. Premises costs and IT costs together make up a further 10%.

COVID-19 continued to have a substantial impact on our operational activity during 2021-22, and on our spending.

Our response included adding 82 new posts to casework teams. This is the main factor in the increase in staff costs by £1.7m (7%) from £23.7m to £25.4m, and the increase in total operating expenditure by £3.0m (10%) from £29.5m to £32.5m. The extra resources and the prioritisation of the more serious and older cases enabled us to reduce the number of unallocated cases from a peak of over 3,200 to 2,200 at the year end.

We continued to invest in the systems and tools for hybrid working and collaboration. The £1.8m capital outturn shown in the Statement of Outturn against Parliamentary Supply is broken down by the categories of asset purchased in notes 5 and 6 on pages 110 and 112 and includes a new HR system and new telephony system, both of which were built in 2021-22 and will go live in 2022-23.

Financial outlook

For the Government's Spending Review 2021, we submitted proposals to expand our work in support of the Government's priority for strong and innovative public services.

We were pleased that our proposals were agreed by the Treasury. The PHSO's resource budget for 2022-23 is £40.4m, an increase of 24% on actual spending in 2021-22, as shown in the table above. We have allocated the extra funding to a transformation programme, and to further expanding the casework teams, to continue the recovery from COVID-19. Our priorities continue to be reducing the queue of unallocated cases and addressing the more serious and older cases.

People and organisation

Our People Strategy focusses 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 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 the organisation and to check progress against the objectives in the People Strategy. In 2021, 81% of the workforce responded to the 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 69% in 2021, which was an increase from 66% in the 2020 survey.

As PHSO moved to new ways of working, results from the staff survey showed that employees felt supported while working at home. Communication between managers and teams, and the provision of IT equipment allowing greater collaboration, both scored highly.

Developing leaders and leadership skills

Throughout 2021-22 we supported and developed leaders and managers across PHSO providing them with the resources and skills to carry out their role effectively in a hybrid working environment.

We have continued to deliver our Exemplary Leaders and Exemplary Managers development programmes, introducing a range of self-awareness tools and performance coaching skills, including developing emotional intelligence and persuasive communication.

We introduced 'Action Learning' to the Senior Leadership Team – to support leaders in peer-led group coaching and problem solving. In addition to this, we have continued to deliver Inclusive Leadership training, ensuring leaders and managers create a culture which incorporates differences, allows individuals to thrive and come together to achieve successful team performance.

Developing workforce skills and capability

In 2021-22, we continued to offer virtual training options throughout the year and started to reintroduce face to face workshops, including induction training, from September 2021 onwards.

Throughout the year, we delivered 2,048 days of training to staff - an average of 4.17 days per person. In 2020-21, 1,478 days of training were delivered.

Within PHSO's Training Academy, we have continued to train and develop new caseworkers. This year we trained and inducted seven cohorts of 82 new-to-role caseworkers. New courses have been added to the Academy training plan including mental health emergencies training.

Our sector-leading internal accreditation programme continues to be offered to senior caseworkers. Following the introduction of the 'maintaining accreditation' process in September 2020, the first twenty senior caseworkers have completed this continuing professional development activity.

In May 2021 we launched the Activate your Career Development Programme to support and empower staff when they are considering their career development. The programme includes a range of resources, workshops and job shadowing opportunities that will help staff develop key skills, make informed choices, and prepare for future opportunities.

In preparation for the delivery of the hybrid working model, we designed and delivered a return to office package. We also created new range of 'bite-sized' development workshops in response to staff feedback.

In the 2021 staff survey, 93% of respondents felt that they had the skills needed to effectively do their job, with 71% agreeing that they can access the right learning and development opportunities at the right time for their current role. Respondents agreed that working at PHSO is beneficial to both their personal development (82%) and career development (75%).

Effective resourcing

The important services PHSO provides have been recognised with an increase in budget over the next Spending Review period. This allows for a significant increase in staff levels to tackle demand and deliver new strategic aims. A major recruitment campaign began in early 2022. During the 2021-22 year we recruited 149 new members of staff, with more planned to arrive early in 2022-23. To ensure fair and robust recruitment practices, we trained hiring managers and anonymised the application 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.

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

Equality, diversity and inclusion (EDI)

Our EDI strategy for 2020–24 sets out how we will continue to develop and promote best practice in the areas of Equality, Diversity and Inclusion. In 2021–22, the EDI Strategy focused actions across three objectives:

- culture
- representation
- access to our Service

Culture

This area focuses on improvement through coaching and learning from others. There is an expectation that all staff demonstrate and live the values of the organisation, equipped with the appropriate tools and skills to perform at their best, while supporting others to do the same.

Through the Exemplary Manager programme, we enhanced the abilities of managers to use coaching skills with their team members. We have benchmarked ourselves using the Stonewall Workplace Equality Index, while also exploring other benchmarks we will undertake in the future.

In the 2021 staff survey, 88% of respondents said they were treated with respect by the people they work with and 95% of respondents said that their manager is considerate of their life outside work.

Representation

This area focuses on improving the diversity in management and leadership roles by changing the way we recruit and making sure development opportunities encourage diverse progression.

We have continued to report data to our Diversity Steering Group on a biannual basis on the representation in our organisation. This includes recruitment, current workforce, leaver demographics, grievances in relation to bullying/harassment and discrimination, participation in development programmes such as apprenticeships and mentoring, and participation in EDI activities. This information allows us to analyse trends in the data and respond as appropriate. We made changes to our recruitment processes as a result.

Access to our service

This area focuses on better understanding the requirements of complainants from diverse communities and identifying those with specific requirements at the outset of a complaint, so that they can be properly accommodated.

As part of our end-to-end service review, we have considered where complainants may be impacted either positively or negatively as a result of any changes to our processes. This will help us make sure we are removing barriers wherever possible. We have also developed a process to ensure insight reports we create explore any relevant equality and human rights factors.

We continue to provide data on a biannual basis to the Diversity Steering Group on the diversity demographics of complainants, using anonymous information collated through the complainant feedback survey. This includes information in relation to who brings complaints and representation at each stage of the complaint process. We also continue to analyse the reasonable adjustment requests we receive from our complainants to ensure we are making adjustments where reasonable and in good time to remove barriers to accessing our service.

In addition to cross organisational diversity steering and working groups that guide our approaches, we have a variety of employee-led initiatives in place to promote EDI. They include the Pride at PHSO (LGBTQI+) Network, a Dignity at Work network, an Equality, Diversity and Inclusion Forum, Break the Stigma (mental health) network and Wellbeing Ambassadors.

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. As required, we published our gender pay gap data for the year ending 31 March 2021. Based on the Government's methodology, we had a mean gender pay gap of 5.77% calculated as the percentage difference between the average hourly salary for men (£20.64) and the average hourly salary for women (£19.45). The reason for this is that we employ a small number of clinicians whose pay we do not set. This includes NHS consultants who are contracted as Clinical Advisers. Based only on the employees whose salaries we do set, the gender pay gap is -2.73%. The full gender pay gap data up to 31 March 2021 can be found at **Gender pay gap report 2021**.

In this annual report, we also include gender pay gap data for year ending 31 March 2022, which has reduced to 2.8%.

Sustainability report

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

In 2021-22, we focused on implementing new digital tools to reduce waste, CO2 emissions and reducing travel including:

Reducing resources

- Continued to improve electronic document management systems and service tools and encouraged paperless working by promoting and providing training on Microsoft Office features that reduce the need to print documents. We are delighted to report that printing has reduced by 80% since 2020.
- Purchased a new Microsoft Teams and Wi-Fi solution removing the need for cables and telephone handsets.
- Worked with suppliers to reduce, reuse and recycle. We have removed all single-use plastics from stationery supplies and introduced a new cleaning range that reduces plastics entirely by using water-soluble sachets.

Reducing carbon emissions

- Continued the smarter working project in line with the Government initiative for all organisations to adopt these practices by the end of 2022.
- Replaced the virtual desktop infrastructure (VDI) with a cloud solution, removing the need for separate servers thereby reducing energy consumption.
- Migrated our document management system to SharePoint Online to enable the removal of several servers in 2022-23 and a reduction in energy consumption.
- Installed additional videoconferencing capabilities and encouraged virtual meetings.
- Implemented a hybrid working pilot for most staff that consists of working two days in the office and three days at home, reducing operational energy consumption and the need to travel.
- Replaced 20% of laptops with more energy efficient models.

Sustainable procurement

We continue to work with existing suppliers to reduce the emissions of the goods and services they provide and use 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 support our efficiency work. Sustainability is also a consideration when developing evaluation criteria during tender assessment.

Where possible PHSO contracts with suppliers under Crown Commercial Service (CCS) frameworks. These frameworks incorporate terms for Sustainability, Equality, Diversity and Human Rights, Corporate Social Responsibility and Modern Slavery. This is to ensure minimum standards aligned to Governments buying standards in contracts. These terms state that all suppliers who contract under the CCS frameworks must always adhere to these terms and notify PHSO as the customer where they have been breached. Procurement using framework agreements enabled us to benefit from efficiencies and sustainability initiatives available to larger public sector organisations.

All procurement activity must clearly demonstrate and deliver value for money and consider the impact of environmental, economic and social factors in compliance with the Public Services Social Value Act 2019. Environmental, Social and Corporate Governance (ESG) comprises 10% of the technical marking in all tender evaluations.

In 2021 we introduced Proactis for e-tendering, evaluation and contract management. This significantly reduces the use of paper and printing for the whole procurement and contract management lifecycle. Functions include electronic running of tenders, sharing information with bidders, tender evaluation, and contract storage and management.

Energy performance

Accommodation

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.

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 fell dramatically in 2020-21 due to COVID-19 restrictions on travel. Although emissions have increased in 2021-22, they are still 85% below the 2019-20 level. This is partly because our offices were closed for parts of the year in line with Government guidance, but mainly because of the hybrid working tools and practices we have introduced.

Greenhouse gas emissions

Non-financial information: Emissions (CO^2/tonnes)	2018-19	2019-20	2020-21	2021-22
Scope 1: Direct emissions	n/a	n/a	n/a	n/a
Scope 2: Indirect emissions	n/a	n/a	n/a	n/a
Scope 3: Business travel emissions	27	26	1.2	4.0
Total emissions	**27**	**26**	**1.2**	**4.0**
Normalised comparison per FTE	0.07	0.06	0.002	0.007

Non-financial information: energy (Kwh)	2018-19	2019-20	2020-21	2021-22
Scope 1: Direct emissions	n/a	n/a	n/a	n/a
Scope 2: Indirect emissions	130,133*	322,558†	191,733†	353,958
Scope 3: Business travel emissions	n/a	n/a	n/a	n/a
Total emissions	**130,133***	**322,558†**	**191,733†**	**353,958**
Normalised comparison per FTE	2,606*	828†	426†	643

Financial information (£'000)	2018-19	2019-20	2020-21	2021-22
Scope 1: Direct emissions	n/a	n/a	n/a	n/a
Scope 2: Indirect emissions	23*	70†	28†	64
Scope 3: Business travel emissions	171	140	7	36
Total emissions	**194**	**210**	**35**	**100**
Normalised comparison per FTE	0.47	0.54	0.07	0.18

*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.

Rob Behrens, CBE
Accounting Officer
Ombudsman and Chair
07 July 2022

Accountability report

The Board

Chair and Ombudsman

Rob Behrens, CBE, was appointed as Parliamentary and Health Service Ombudsman on 6 April 2017.

He has considerable experience of investigating allegations of public service failure and, as a result, bringing redress to service users. His previous roles include Secretary to the Committee on Standards in Public Life, Complaints Commissioner at the Bar Standards Board, and Independent Adjudicator for Higher Education (Office of the Independent Adjudicator) in England and Wales.

Rob is a non-executive Board member of the Local Government and Social Care Ombudsman and, in December 2019 was elected Vice-President of the International Ombudsman Institute's European Board. Rob is also a member of the International Ombudsman Institute's World Board. He is Visiting Professor at University College London (since 2016) and Chair of Anglia Ruskin University Peterborough's Board of Governors (since 2022).

Non-executive members

Throughout 2021-22, 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 was until recently the chair of the Selection Panel for Queen's Counsel Appointments 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. She was the Senior Independent Member and Chair of the Quality Committee. Elisabeth 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. Elisabeth's term ended on 31 March 2022.

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 LEP 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, and holds Honorary Visiting Professor appointments with the University of Nottingham and the Institute of Mental Health.

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 and is currently a member of the Administrative Justice Council.

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 organizations and global and local missions. He is Chairman of CottonConnect and a trustee of The Leprosy Mission of England and Wales. Ram 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 and Chairman of the European Network of Higher Education Ombudsman (ENOHE). 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. She is the Chair of the Audit and Risk Assurance Committee. 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 an active member of the Equality, Diversity and Inclusion Steering Group. Anu 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 also the mediation practice supervisor for Cyrenians - a charity working with people who have few choices. As an experienced board member, she carries out governance reviews and is currently a non-executive board member of NHS Lothian, the 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. Carolyn left the organisation in March 2022.

Amerdeep Somal joined the Board on 1 July 2021. Amerdeep is the Complaints Commissioner to the financial regulators (Bank of England, FCA and PRA) and Chief Commissioner at the Data and Marketing Commission. She is a Judge of the Asylum and Immigration Tribunal.

Amerdeep was the Independent Assessor to the Financial Ombudsman Service and Board member at the General Medical Council and Nursing and Midwifery Council. She is a former founding Commissioner at the Independent Police Complaints Commission and has held a number of Board roles. Her earlier career was as a senior civil servant.

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.

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. For each financial year, HM Treasury requires the preparation of a statement of accounts detailing the use of resources during that 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; 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
07 July 2022

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 2021 to 31 March 2022 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 the 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 2021-22.

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, Data and Clinical, and the Director of Operations and Quality. The Board scrutinises overall performance of casework, but not individual cases.

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

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

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

Committee	Role		
Audit and Risk Assurance Committee 4 Non-executive members Met 6 times in 2021-22 with one informal meeting dedicated to the review of the Resource Accounts	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	**Reports to PHSO Board**	**Board role:** Collective decision making on strategic direction and performance Ombudsman, 9 Non-Executive and 2 Executive Members Met 6 times in 2021/22
Quality Committee 3 Non-Executive Members Met 4 times in 2021-22	Oversees assurance on the arrangements for assessment of quality, covering casework decisions, process and the experience of people using our service		
Remuneration and Nominations Committee 3 Non-Executive Members Met once in 2021-22	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		

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 reserved for the Board include:

- vision, mission, 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 constitutes 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: Linda Farrant

Highlights of Committee Reports

In order to oversee the adequacy of governance and internal controls, in 2021-22 ARAC approved, reviewed or was assured of the following:

- financial management, including financial performance and compliance with the Finance Code and Procurement Code
- the adequacy of the anti-fraud risk assessment
- a revised Conflict of Interests policy
- information assurance performance and compliance with the General Data Protection Regulation
- value for money: approval of key measures and a Value for Money Scorecard
- risk management: approval of a revised Strategic Risk Register, incorporating the Assurance Table. The Committee also discussed the Strategic Risk Register as a regular agenda item in advance of quarterly Board meetings.

- the scope of the plan and findings of the National Audit Office (NAO)'s audit, including:
    - the scope of the internal audit plan to ensure that it was appropriate and focused on appropriate risks
    - the relationship between the organisation and the auditors
    - six internal audits produced by internal auditors RSM, three of which recorded substantial assurance, one which reported partial assurance, an advisory audit which found appropriate procedures were in place to manage risk, and a follow-up report
    - implementation of the auditors' recommendations.
- assurance reviews: two in-depth examinations of specific areas of activity identified as presenting a potential risk to PHSO, including the organisation's cyber-security and recruitment arrangements.

To ensure compliance with accounting standards, the ARAC Chair 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.

Quality Committee

Chair: Dean Fathers

Highlights of Committee Reports

The Quality Committee provided assurance to the Board on the quality of casework decision-making and user experience within the continuing context of the Covid-19 pandemic and a new approach to demand management by considering:

- Casework quality: examined data from multiple sources, including Service Charter Commitment data, internal quality assurance sampling, feedback from the organisations we investigate, and data from the Review and Feedback process.
- Quality Programme: reviewed quarterly updates on the progress of this work, which closed at the end of the financial year as planned, with many evidenced successes, including significant sustained improvements in the quality of casework and an increase in the number of cases published.
- Quality-related projects and special topics: including a compendium report of interviews with complainants about impartiality in 2020-21.

The committee also continued to host informal workshop style sessions open to all non-executive members, on topics such as carers' experiences of PHSO, led by Trish Cargill, Chair of the Carers Federation.

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, Chief Operating Officer and to support the recruitment of senior executives, the Remuneration and Nominations Committee reviewed and were 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, who will be joining the organisation in 2022-23.

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 members and the Ombudsman also attend Board committees but are not members and therefore are not recorded in the table below.

Board Member	Date of appointment (date of reappointment for second term)	End of appointment	Board (six meetings)	Audit and Risk Assurance Committee (six meetings)	Remuneration and Nominations Committee (one meeting)	Quality Committee (four meetings)
Rob Behrens	06 April 2017	05 April 2024	4 out of 6	N/A	N/A	N/A
Non-executive board members						
Sir Alex Allan	02 January 2018 (2 January 2021)	01 January 2024	6 out of 6	N/A	1 out of 1 (Chair)	4 out of 4
Elisabeth Davies	16 May 2016 (15 May 2018)	14 May 2022	5 out of 6	N/A	1 out of 1	N/A
Dean Fathers	02 January 2018 (2 January 2021)	1 January 2024	6 out of 6	N/A	N/A	4 out of 4 (Chair)
Linda Farrant	01 February 2020	31 January 2023	6 out of 6	6 out of 6 (Chair)	1 out of 1	N/A
Ram Gidoomal	1 April 2018 (1 April 2021)	31 March 2023	6 out of 6	6 out of 6	1 out of 1	N/A
Carolyn Hirst	13 April 2020	N/A (left the organisation on 31 March 2022)	5 out of 6	N/A	N/A	4 out of 4
Michael King	11 January 2017	N/A	4 out of 6	N/A	N/A	N/A
Anu Singh	13 April 2020	12 April 2023	6 out of 6	6 out of 6	N/A	N/A

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)
Amerdeep Somal	1 July 2021	30 June 2024	4 out of 4	3 out of 3	N/A	N/A
Executive members						
Amanda Amroliwala (Chief Executive)	01 October 2016	N/A	6 out of 6	N/A	N/A	N/A
Gill Kilpatrick (Chief Operating Officer)	01 May 2015	N/A	5 out of 6	N/A	N/A	N/A

The effectiveness of the Board and its Committees

One new Board member began her term in 2021-22 and the recruitment of two new Board members began in February 2022.

Best practice of Corporate Governance recommends that an effectiveness review of the Board is undertaken every year and that an independent evaluation of Board effectiveness be undertaken at least every three years. PHSO complies with best practice, with an independent review commissioned in 2021-22. This consisted of in-depth interviews with executive and non-executive Board members, as well as a small number of senior 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 the NAO, RSM, the Ombudsman and the Executive, all of which fed into the overall Board review.

The findings of the review were presented to the Board in June 2022 and confirmed that the Board's foundations for good governance were well-established and working effectively. Board members understand their roles, feel well supported by the organisation and are enabled to carry out their responsibilities. Board members commented that critical information is readily provided to support them in their role, and Board papers are consistently of high quality and thorough in their analysis. Information provided to the Board is considered at the right level and volume.

Each Non-Executive member of the Board and the CEO receives an annual competency-based appraisal of their performance, undertaken by the Ombudsman. The COO receives an annual competency-based appraisal of her performance undertaken by the CEO. 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 being 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 senior leadership team.
- Reporting on emerging risks.

Risk management

At the start of 2021, the PHSO Board agreed the organisation's risk appetite – setting out the amount of risk we were willing to accept in pursuit of strategic objectives. The Board also agreed a number of risk tolerance measures, which articulated the maximum risk PHSO would accept. Through monitoring the performance of risk tolerance measures, we were able to identify when we were operating outside of our defined risk appetite and take corrective action.

As with previous years, we continued to ensure that risk management is embedded throughout the organisation. All staff were required to undertake annual risk management training. PHSO's Risk Forum met regularly to review the strategic and directorate level risks and we hosted risk-themed workshops for relevant project and directorate stakeholders.

This year we were again required to enact our Business Continuity and Disaster Recovery Plan in the ongoing response to COVID-19. In December 2021, the Prime Minister announced 'Plan B' restrictions calling for people to work from home if possible. All relevant PHSO staff had been provided with the ability to work remotely and we carried out risk assessments to ensure that those staff who continued to work from our offices could do so safely and in accordance with Government restrictions.

The risks we managed during the year are set out on page 37.

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.

In 2021-22, the NAO audit completion report set out the findings from the audit work, including findings from areas of key risk. No control weaknesses were identified.

Response to COVID-19

As with all public sector organisations, we continued to manage the impact of COVID-19 during 2021-22. We reinstated our Business Continuity and Disaster Recovery Plan in December 2021, when the Prime Minister announced 'Plan B' restrictions calling for people to work from home if possible. All relevant PHSO staff had been provided with the ability to work remotely and we carried out risk assessments to ensure that any staff who continued to work from our offices could do so safely. Our phone lines remained open throughout.

In September 2021, we launched a hybrid working pilot to better understand the issues and opportunities of remote working. The pilot, which concluded in May this year, enables most staff to work remotely up to three days a week, subject to certain criteria. The pilot will be evaluated over the summer.

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. Since 2019-20, we have been working closely with Government to support the set-up 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 EU Withdrawal Agreement Act 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 in October 2021 signed a Memorandum of Understanding outlining how we will work with this new organisation.

The Office for Environmental Protection (OEP) was established by the Department for Environment, Food and Rural Affairs (Defra) in November 2021 under the Environment Act and is within our jurisdiction. It is responsible for investigating breaches of environmental law by public bodies such as local authorities and government departments. We have been working closely with the OEP to ensure that our organisations work effectively together, and we plan to sign a Memorandum of Understanding later this year.

Personal data-related incidents

The Chief Operating Officer is the Senior Information Risk Owner (SIRO) and the Assistant Director of Data, Security and Privacy 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 **Our privacy policy: What happens to the information you give us** on our website.

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

As required by the General Data Protection Regulation (GDPR) 2018, PHSO reported two incidents to the Information Commissioner's Office (ICO) in 2021-22. Of these two incidents, one was a suspected breach of confidence. Upon further investigation this turned out not to be the case and the incident was closed.

On 29 December 2021, PHSO inadvertently named a complainant, and by association identified their spouse, as part of publishing their complaint through our publication portal. This information was published for just under a week until it was discovered by a member of staff on 4 January 2022. The information was immediately removed by that member of staff and the breach escalated to the DPO who notified all necessary stakeholders, including the ICO, and led the incident response process. The ICO were satisfied with PHSO's response and will take no further action.

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 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 2021-22 the assurance reviews included Cyber Security and Recruitment and Retention.

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 2021-22 all aspects of the Framework were complied with, and no departures were 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 2021-22 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 annually on our website and is reported to the Audit and Risk Assurance Committee.

Gifts and hospitality

PHSO staff are required to report the offer or receipt of gifts and hospitality with a value of £25 or more, and we regularly remind them of this requirement. We record the offer or receipt of gifts and any invitations of hospitality in a register for this purpose, whether the offer was accepted or declined. One report of hospitality received was recorded during the business year, to the value of approximately £100. **The register** 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 2021-22, undertook six internal audits that were considered by the Audit and Risk Assurance Committee:

1. Assurance Framework
2. Legal Framework
3. Sickness Management
4. Cyber Security
5. Financial Controls – Procurement
6. Follow up (implementation of audit recommendations)

Four of the six completed audits included a formal assurance rating. Of these, three reported substantial assurance that the management controls in place are suitably designed and are being consistently applied. One audit (Cyber Security) found partial assurance that the controls in place are suitably designed, consistently applied and effective but that further work was required to manage the identified risks. The Follow Up audit found good progress in the implementation of audit recommendations. One audit was advisory (Assurance Framework) so did not provide a formal opinion but reported that established processes are in place to identify and assess risks and report assurance information to senior management and the Board.

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 upon and limited to the work performed, on the overall adequacy of the organisation's risk management, control and governance processes. This is achieved through a risk-based programme of work, agreed with the Executive Team and approved by the Audit and Risk Assurance Committee. Four assurance levels are available in regards to risk management, control and governance processes: adequate and effective (green); adequate and effective with some enhancements required (green/amber); Some weaknesses in the framework such that it could become inadequate and ineffective (amber/red); inadequate and ineffective (red).

The Head of Internal Audit has provided me with their opinion for 2021-22 which is that PHSO has an adequate and effective framework for risk management, governance and internal control. However the auditors' work identified a need for some further enhancements to ensure that the framework of risk management, governance and internal control remained 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 on the implementation of internal audit recommendations. It has also assured itself of the effectiveness of risk management arrangements, delivery of business continuity and the approach to managing cyber security. Alongside this assurance, I have taken full account of the National Audit Office's observations and reports.

In 2022-23 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
07 July 2022

Remuneration and staff report

The Remuneration and staff report includes details of the pay and benefits of PHSO's Board members, the total salary costs, staff numbers and diversity of the organisation as a whole, and other staff related disclosures required by the HM Treasury Financial Reporting Manual.

The Ombudsman and Executive Board members' remuneration (audited)

	2021-22			
	Salary (bands of £5,000) £000	Non-consolidated pay (bands of £5,000) £000	Pension benefits (to the nearest £1,000) £000	Total remuneration (bands of £5,000) £000
Rob Behrens CBE	170-175	-	-	170-175
Amanda Amroliwala CBE	165-170	-	6	170-175
Gill Kilpatrick	125-130	-	-	125-130

	2020-21			
	Salary (bands of £5,000) £000	Non-consolidated pay (bands of £5,000) £000	Pension benefits (to the nearest £1,000) £000	Total remuneration (bands of £5,000) £000
Rob Behrens CBE	170-175	-	-	170-175
Amanda Amroliwala CBE	165-170	10-15	91	265-270
Gill Kilpatrick	125-130	5-10	51	185-190
Alex Robertson (until 26/06/20)	30-35 (FYE* 120-125)	5-10	12	45-50

* FYE is full year equivalent salary, which is shown where the individual was in post for only part of the year, in addition to the actual salary paid during the year.

The non-consolidated pay values for 2020-21 refer to accrued non-consolidated performance related payments for 2019-20, which were paid during 2020-21. No non-consolidated payments or salary increases were accrued for 2020-21 and none were paid in 2021-22.

Rob Behrens has waived his entitlement to pension benefits. Gill Kilpatrick waived her entitlement to pension benefits from 1 April 2021, and so her pension benefits in 2021-22 were zero. Amanda Amroliwala waived her entitlement to pension benefits from 1 August 2021.

Amanda Amroliwala's changes in pension entitlement during the year were as follows.

	Accrued pension and related lump sum at pension age 31/03/22 £000	**Real increase in pension and related lump sum at pension age £000**	**CETV at 31/03/22 £000**	**CETV at 31/03/21 £000**	**Real increase in CETV £000**
Amanda Amroliwala	85-90 plus a lump sum of 185-190	0-2.5 plus a lump sum of 0	1,655	1,644	-2

None of the Board receive any taxable benefits in kind.

Non-executive Board members' remuneration (audited)

	2021-22	2020-21
	Salary (bands of £5,000) £000	**Salary (bands of £5,000) £000**
Sir Alex Allan KCB	10-15	10-15
Elisabeth Davies	10-15	10-15
Linda Farrant	10-15	10-15
Dean Fathers DL	10-15	10-15
Ram Gidoomal CBE	10-15	10-15
Alan Graham MBE (until 28/02/21)	-	10-15 (FYE 10-15)
Carolyn Hirst (from 13/04/20 until 31/03/22)	10-15	10-15 (FYE 10-15)
Michael King	-	-
Anu Singh (from 13/04/20)	10-15	10-15 (FYE 10-15)
Amerdeep Somal (from 01/07/21)	5-10 (FYE 10-15)	-

Michael King is the Local Government Ombudsman, and sits as a member of the PHSO Board ex-officio. He does not receive any remuneration from the PHSO.

Non-executive Board members do not receive a pension benefit, and do not receive any taxable benefits in kind.

Pay policy for Board members

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.

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. 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.

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 61 and 62.

All Board members were appointed under fair and open competition. Executive Board members' appointments are open ended. Early termination of an Executive member's contract, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Staff costs (audited)

	2021-22				2020-21
	Permanently employed staff **£000**	**Fixed- term contracts** **£000**	**Agency staff** **£000**	**Total** **£000**	**Total** **£000**
Wages and salaries	17,488	334	1,628	19,449	18,119
Social security costs	1,894	46	-	1,940	1,749
Other pension costs	4,507	88	-	4,595	4,295
Less capitalised salary costs	(298)	-	(435)	(733)	(689)
Sub total	**23,591**	**468**	**1,193**	**25,252**	**23,474**
Ombudsman's salary and on-costs	194	-	-	194	194
Total staff costs	**23,785**	**468**	**1,193**	**25,446**	**23,668**

Staff numbers and diversity at 31 March

At the end of March 2022, we employed 488 full-time equivalents (FTEs) excluding agency staff and excluding non-executive Board members.

Senior managers by grade (full-time equivalents):

	31 March 2022			31 March 2021
Grade	**Female**	**Male**	**Total**	**Total**
0 (Chief Executive and Chief Operating Officer)	2	0	2	2
1 (Directors)	3	2	5	4
2 (Assistant Directors)	10	3	13	14
Total	**15**	**5**	**20**	**20**

Average number of persons employed during the year (audited)

	2021-22	2020-21
Permanent employees	477	386
Fixed term contract employees	10	19
Total	**487**	**405**

Diversity statistics

The reported diversity statistics of our Board and employees are as follows. Some characteristics may be under-reported where colleagues have chosen not to provide the information.

	31 March 2022	31 March 2021	Population benchmark (where available)
The Board (12 members at 31 March 2022; 11 members at 31 March 2021)			
Female	58%	55%	51%
Asian, Black, Mixed Ethnicity and Other Ethnic Group	25%	18%	14%
Disabled	0%	0%	N/A
Lesbian, gay, bisexual and transgender	0%	0%	N/A
Aged 50+	83%	82%	38%
Other employees			
Female	59%	59%	51%
Asian, Black, Mixed Ethnicity and Other Ethnic Group	17%	14%	14%
Disabled	11%	10%	N/A
Lesbian, gay, bisexual and transgender	9%	8%	N/A
Part time	15%	16%	N/A
Aged 50+	20%	22%	38%

The population benchmarks for the percentages of female colleagues and colleagues aged 50 or older are from the 2021 Census for England and Wales, initial data from which was published on 28 June 2022. The population benchmark for the percentage of Asian, Black, Mixed Ethnicity and Other Ethnic Group colleagues is from the 2011 Census.

Fair pay disclosure (audited)

Reporting bodies are required to disclose:

- the relationship between the total remuneration of the highest-paid director in their organisation and the upper, median and lower quartile remuneration of the organisation's workforce
- the percentage change from the prior year to the current year in the both the salary and the non-consolidated performance pay of the highest paid director
- the percentage change from the prior year to the current year in the both the average salary and the average performance pay of all employees excluding the highest paid director.

	2021-22 £	2020-21 £	Percentage change %
Highest paid director: salary (bands of £5,000)	165,000-170,000	165,000-170,000	0%
Highest paid director: non-consolidated performance pay (bands of £5,000)	Nil paid in 2021-22	10,000-15,000	N/A
Highest paid director: total remuneration (bands of £5,000)	165,000-170,000	175,000-180,000	-6%
Average remuneration excluding the highest paid director: salary	40,724	41,648	-2%
75th percentile remuneration	46,232	48,333	-4%
Median remuneration	33,697	33,697	0%
25th percentile remuneration	30,471	31,312	-3%
Ratio highest paid to 75th percentile remuneration	3.6:1	3.7:1	N/A
Ratio highest paid to median remuneration	5.0:1	5.3:1	N/A
Ratio highest paid to 25th percentile remuneration	5.5:1	5.7:1	N/A

Although the Ombudsman's salary cost is borne by the PHSO, he is paid through a payroll managed by the Ministry of Justice and so his remuneration is not included in the calculation of the fair pay disclosures. The pay of non-executive Board members is also not included in the calculations. Remuneration for the purpose of the ratio disclosures 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. The only employees who are eligible for performance related pay are the Chief Executive and the Chief Operating Officer, whose remuneration is disclosed in the table on page 69, and three other Directors, who are not members of the Board.

The ratios of the total remuneration of the highest paid director to the 75th percentile, median and 25th percentile remuneration have all fallen in 2021-22 compared to 2020-21, mainly because no performance payment was paid in 2021-22 to the highest paid director. Average, 75th percentile and 25th percentile remuneration have all fallen compared to 2020-21 because 82 new staff were recruited during the year to respond to complaints and started on salaries below the average salary for PHSO overall.

Staff turnover

Staff turnover was 16% in 2021-22, compared to 12% in 2020-21, including those on fixed-term contracts. The underlying turnover of permanent staff in 2021-22 was 11%, compared to 7% in 2020-21. In common with many other UK employers, we have experienced higher staff turnover in 2021-22 as the jobs market recovered following COVID-19.

Health and safety

There were no reportable health and safety at work incidents in 2021-22 under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

Sickness absence

The average number of sick days in 2021-22 decreased to 10.2 days per full-time equivalent (FTE) employee, from 10.9 days in 2020-21.

Off-payroll engagements

All public authorities who contract individuals 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.

The tables below outline the off-payroll arrangements for 2021-22. All the individuals who fall within these arrangements were employed on an ad hoc 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 2022	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	-
Number that have existed for between two and three years at time of reporting	4
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 individuals 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.

Total engagements at any point during the year ended 31 March 2022	4
Of which:	
Number not subject to off payroll legislation	4
Number subject to off-payroll legislation and determined as in-scope of IR35	-
Number subject to off-payroll legislation and determined as out-of-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	-

Employee relations

There were no days lost in 2021-22 or 2020-21 due to industrial action or other employee relations disputes.

Consultancy

Spending on consultancy was £22k in 2021-22 (2020-21: £27k).

Pensions

For 2021-22, contributions of £5.486m were payable to the Principal Civil Service Pension Scheme (PCSPS) (2020-21 £5.137m) 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 2021-22 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 £67k (2020-21: £35k) were paid to the provider appointed by the scheme manager (Legal & General). 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 contribute an additional 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 £8k (2020-21: £4k).

Exit packages (audited)

There were six exit packages in 2021-22 (2020-21: nil). None of those were compulsory redundancies.

	2021-22	2020-21
Exit package band	**Total number of exit packages by cost band**	**Total number of exit packages by cost band**
< £10,000	1	-
£10,001 - £25,000	2	-
£25,001 - £50,000	3	-
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,001 - £200,000	-	-
£200,001 - £250,000	-	-
Number	6	-
Total (£000)	**£173**	**-**

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.

Explanation of terms used in the Remuneration and staff 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. PHSO provided no taxable benefits in kind in either 2020-21 or 2021-22.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements.

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**

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 switched into alpha 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.)

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.

Consultancy

Consultancy is expert or professional advice on options for change. It does not include ongoing contracted out services, or legal advice.

Rob Behrens, CBE
Accounting Officer
Ombudsman and Chair
07 July 2022

Parliamentary Accountability and Audit Report 2021-22

Statement of Outturn against Parliamentary Supply

Parliamentary Accountability and Audit Report 2021-22

Statement of Outturn against Parliamentary Supply

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) 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 Houses of Parliament.

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 Estimate details supply and 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**, 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 have 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 to, IFRS. An understanding of the budgeting framework and an explanation of key terms is provided on page 40, in the financial review section of the performance report. 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**.

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial review, in the Performance Report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOPS disclosures.

Summary of Resource and Capital Outturn 2021-22

		2021-22							2020-21
		Estimate			Outturn				
	SoPS Note	Voted £000	Non-Voted £000	Total £000	Voted £000	Non-Voted £000	Total £000	Voted outturn compared to Estimate: saving/ (excess) £000	Outturn £000
Departmental Expenditure Limit									
- Resource	1.1	33,287	204	33,491	32,234	194	32,428	1,053	29,324
- Capital	1.2	2,000	-	2,000	1,778	-	1,778	222	1,643
Annually Managed Expenditure									
- Resource	1.1	1,499	-	1,499	71	-	71	1,428	162
- Capital	1.2	-	-	-	-	-	-	-	-
Total		**36,786**	**204**	**36,990**	**34,083**	**194**	**34,277**	**2,703**	**31,129**
Total Resource		34,786	204	34,990	32,305	194	32,499	2,481	29,486
Total Capital		2,000	-	2,000	1,778	-	1,778	222	1,643
Total		**36,786**	**204**	**36,990**	**34,083**	**194**	**34,277**	**2,703**	**31,129**

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

Net Cash Requirement 2021-22

		2021-22			2020-21
	SoPS Note	Estimate £000	Outturn £000	Outturn compared to Estimate: saving/ (excess) £000	Outturn £000
Net Cash Requirement	**3**	**35,940**	**32,781**	**3,159**	**29,205**

For Estimates purposes, all PHSO income and expenditure is classified as Programme. The Statement of Parliamentary Supply does not therefore report against an Administration Cost Limit.

Notes to the Statement of Parliamentary Supply (SoPS)

SoPS 1 Net outturn

SoPS 1.1 Analysis of net resource outturn by Estimate line

		2021-22					2020-21
		Outturn			Estimate	Net Total compared with Estimate	
		Gross £000	Income £000	Net £000	Net total £000	£000	Outturn total £000
Spending in Departmental Expenditure Limits (DEL)							
Voted expenditure		**32,245**	**(11)**	**32,234**	**33,287**	**1,053**	**29,130**
Of which							
A	Administration	32,245	(11)	32,234	33,287	1,053	29,130
Non-voted expenditure		**194**	**-**	**194**	**204**	**10**	**194**
Of which							
B	Ombudsman's salary and social security	194	-	194	204	10	194
Total		**32,439**	**(11)**	**32,428**	**33,491**	**1,063**	**29,324**
Spending in Annually Managed Expenditure (AME)							
Voted expenditure		71	-	71	1,499	1,428	162
Of which							
C	Use of Provisions	71	-	71	1,499	1,428	162
Total		**32,510**	**(11)**	**32,499**	**34,990**	**2,491**	**29,486**

There were no virements.

SoPS 1.2. Analysis of net capital outturn by Estimate line

	2021-22					2020-21
	Outturn			Estimate	Net Total compared with Estimate	
	Gross £000	Income £000	Net £000	Net total £000	£000	Outturn Total £000
Spending in Departmental Expenditure Limit (CDEL)						
Voted expenditure	**1,778**	**-**	**1,778**	**2,000**	**222**	**1,643**

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 Comprehensive 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
Resource Outturn	SoPS1.1	34,990	32,499	2,491
Capital Outturn	SoPS1.2	2,000	1,778	222
Accruals to cash adjustments:				
Adjustment to remove non-cash items:				
Depreciation, Amortisation & Impairments	5,6	(1,547)	(1,297)	(250)
New provisions and adjustments to previous provisions	10	(1,499)	(106)	(1,393)
Other non-cash items	3	(63)	(59)	(4)
Adjustments to reflect movements in working balances				
Increase/(decrease) in receivables	8	-	203	(203)
(Increase)/decrease in payables	9	2,263	(78)	2,341
Use of provisions	10	0	35	(35)
		36,144	**32,975**	**3,169**
Removal of non-voted budget items:				
Consolidated Fund	SoPS1.1	(204)	(194)	(10)
Net Cash Requirement		**35,940**	**32,781**	**3,159**

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 2021-22 (nil 2020-21).

Losses and special payments

	2021-22		2020-21	
	No. of cases	£000	No. of cases	£000
Administrative write offs	38	4	5	3
Special Payments	26	35	23	89
Total	**64**	**39**	**28**	**92**

There were no fruitless payments incurred either in 2021-22 or 2020-21. Administrative write offs relate mainly to disposals of 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 two legal debts written off as uncollectable. Special payments include compensation payments to people who complained to us about poor service they received from the PHSO. As described on page 35, in 2021-22 we made 25 compensation payments which came to a total of £23,420. Special payments also include a payment of £11,150 as compensation for a data breach.

Fees and charges

PHSO has not received any income related to fees and charges in 2021-22 (nil 2020-21).

Remote contingent liabilities

There are no remote contingent liabilities as at 31 March 2022 (nil 31 March 2021).
There were no contingent assets or liabilities as at 31 March 2022 (nil 31 March 2021).
No guarantees, indemnities or letters of comfort have been issued by PHSO.

Rob Behrens, CBE
Accounting Officer,
Ombudsman and Chair
07 July 2022

Independent Auditor's report 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 2022. The financial statements comprise the Parliamentary and Health Service Ombudsman's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

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 2022 and its net operating expenditure 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 Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 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 (UK) (ISAs UK), applicable law 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 report.

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 of 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 and 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 the Parliamentary and 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 report.

The going concern basis of accounting for the Parliamentary and Health Service Ombudsman is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires 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 financial statements nor my auditor's report. 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 report, 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury's Financial Reporting Manual.

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

- the parts of the Accountability Report subject to audit 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 and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Parliamentary and Health Service Ombudsman and its environment obtained in the course of the audit, I have not identified 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:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Parliamentary and Health Service Ombudsman 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Parliamentary and Health Service Ombudsman's 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 the Parliamentary and Health Service 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 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 report 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Parliamentary and Health Service Ombudsman's accounting policies.
- Inquiring of management, the Parliamentary and Health Service Ombudsman's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Parliamentary and 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 and Health Service Ombudsman's controls relating to compliance with the Parliamentary Commissioners Act 1967, the Health Services Commissioners Act 1993, 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 a result of these procedures, I considered the opportunities and incentives that may exist within the Parliamentary and Health Service Ombudsman for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates.In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Parliamentary and Health Service Ombudsman's framework of authority as well as other legal and regulatory frameworks in which the Parliamentary and Health Service Ombudsman operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Parliamentary and Health Service Ombudsman. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2021, employment law and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- enquiring of management and the in-house legal team legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; 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. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against 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

Date 12 July 2022

National Audit Office,
157-197 Buckingham Palace Road,
Victoria, London, SW1W 9SP

Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Operating income	**4**	**11**	**33**
Operating expenditure			
Staff costs	3	25,446	23,668
Purchase of goods and services	3	5,661	4,560
Depreciation impairment charges & adjustments	3	1,297	1,106
Provision expense	10	106	185
Total operating expenditure		**32,510**	**29,519**
Net operating expenditure		**32,499**	**29,486**
Other comprehensive expenditure		**-**	**-**
Comprehensive net expenditure for the year ended 31 March 2022		**32,499**	**29,486**

Statement of Financial Position as at 31 March 2022

	Note	31 March 2022 £000		31 March 2021 £000	
Non-current assets					
Property, plant and equipment	5	2,095		2,374	
Intangible assets	6	2,962		2,202	
Total non-current assets			**5,057**		**4,576**
Current assets					
Trade and other receivables	8	988		785	
Cash at bank	7	135		263	
Total current assets			**1,123**		**1,048**
Total assets			**6,180**		**5,624**
Current liabilities					
Trade and other payables	9	(2,803)		(2,764)	
Provisions	10	(90)		(210)	
Total current liabilities			**(2,893)**		**(2,974)**
Total assets less current liabilities			**3,287**		**2,650**
Non-current liabilities					
Trade and other payables	9	(416)		(505)	
Provisions	10	(760)		(569)	
Total non-current liabilities			**(1,176)**		**(1,074)**
Total assets less total liabilities			**2,111**		**1,576**
Taxpayers' equity and other reserves					
General Fund			2,111		1,576
Total equity			**2,111**		**1,576**

Rob Behrens, CBE
Accounting Officer,
Ombudsman and Chair
07 July 2022

Statement of Cash Flows for the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net operating expenditure	2	(32,499)	(29,486)
Adjustments for non-cash transactions	3	1,462	1,354
(Increase)/decrease in trade and other receivables	8	(203)	(2)
Increase/(decrease) in trade payables	9	(50)	380
Movements in payables/receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	9	128	21
Use of provisions	10	(35)	(23)
Net cash outflow from operating activities		**(31,197)**	**(27,756)**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(396)	(888)
Purchase of intangible assets	6	(1,382)	(755)
Net cash outflow from investing activities		**(1,778)**	**(1,643)**
Cash flows from financing activities			
From the Consolidated Fund (Supply): current year		32,653	29,184
From the Consolidated Fund (Non-Supply)	3	194	194
Net cash inflow from financing activities		**32,847**	**29,378**
Net increase/(decrease) in cash in the period before adjustment for receipts and payments to the Consolidated Fund		**(128)**	**(21)**
Payments of amounts due to the Consolidated Fund		-	-
Net increase/(decrease) in cash in the period after adjustment for receipts and payments to the Consolidated Fund		**(128)**	**(21)**
Cash at the beginning of the period	7	263	284
Cash at the end of the period	7	**135**	**263**

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2022

	Note	Taxpayers' Equity £000
Balance at 31 March 2020		**1,600**
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
Balance at 31 March 2021		**1,576**
Net Parliamentary Funding - drawn down		32,653
Net Parliamentary Funding - deemed		263
Consolidated Fund Standing Services	3	194
Supply Payable Adjustment	9	(135)
Comprehensive net expenditure for the year	2	(32,499)
Auditor's remuneration	3	59
Balance at 31 March 2022		**2,111**

Deemed funding and supply payable adjustment refer to opening and closing balances due to the Consolidated Fund respectively and match opening and closing cash balances held.

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 2021-22 issued by HM Treasury (FReM), for use within Central Government. Where the FReM 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.

The 31 March 2021 comparatives for current liabilities have been re-presented. Trade and other payables, and other liabilities, previously shown as two separate lines on the face of the Statement of Financial Position, have been combined into a single line. We have made this change in order to make the primary statements clearer for the reader. A full breakdown of PHSO's payables is available in Note 9.

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.

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 2021-22, 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 the Parliamentary Commissioner for Administration and the Health Service Commissioner for

England 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 2022-23 for the Parliamentary and Health Service Ombudsman has been approved by Parliament.

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.

IFRS 16 does not apply to leases of low value or for leases of a term of less than 12 months. PHSO assessed each of the commitments as to whether or not it constituted a lease. The only leases impacted by IFRS 16 are those for the Citygate and Millbank premises.

On transition, a number of the current operating leases will be brought onto the Statement of Financial Position as Right of Use assets. The liability has been measured using the modified retrospective approach, where the lease liability is measured at the present value of the remaining lease payments, discounted using the rate prescribed by HM Treasury. There is an estimated asset and liability generated of £9,574k as at 1 April 2022. The FReM mandates adoption of a practical approach to IFRS 16 and the transition impact will be processed through the Statement of Changes in Taxpayers Equity, and prior year comparatives will not be restated. Within the 2022-23 SoCNE, it is expected that operating lease rental expenditure (currently £970k) would be replaced by depreciation of £1,043k plus interest costs of £67k.

IFRS 17- Insurance contracts: This standard replaces IFRS 4 and will be effective for reporting periods after 1 April 2025. 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 2025-26 accounts as PHSO does not hold any such arrangements.

No new accounting standards or revisions to existing standards have been adopted early by PHSO in 2021-22.

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 four main areas of activity at PHSO are set out below:

- Operations and Quality: responsible for the delivery of casework and customer service.
- Legal, Clinical and Data: responsible for all legal and clinical advice, for information assurance activity and for leading implementation of PHSO objectives around better use of data.
- Strategy and Communications: responsible for engagement, promotion, evaluation and policy supporting our objectives.
- Corporate Services: responsible for the support services which support delivery of our casework and all our other functions.

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:

	2021-22				
	Operations and Quality £000	**Legal, Clinical and Data £000**	**Strategy and Communications £000**	**Corporate Services £000**	**Total £000**
Staff costs	15,919	2,599	1,570	5,358	25,446
Other employee expenditure	20	12	16	67	115
External casework costs	8	411	-	-	419
Other professional advice	4	123	-	271	398
Research, media and publications	3	-	208	1	212
Accommodation costs	-	-	-	2,266	2,266
IT and telecommunications	-	30	2	2,336	2,368
Recruitment	-	-	-	498	498
External learning and staff development	-	-	-	252	252
Other central overheads	-	-	-	292	292
Provisions	-	-	-	71	71
Early departure costs	-	-	-	173	173
Income	-	(11)	-	-	(11)
Net operating expenditure	**15,954**	**3,164**	**1,796**	**11,585**	**32,499**

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

	2020-21 Restated				
	Operations and Quality £000	**Legal, Clinical and Data £000**	**Strategy and Communications £000**	**Corporate Services £000**	**Total £000**
Staff costs	13,947	2,620	1,399	5,722	23,688
Other employee expenditure	6	8	-	3	17
External casework costs	3	413	-	-	416
Other professional advice	2	52	-	194	248
Research, media and publications	2	3	151	1	157
Accommodation costs	-	-	-	2,132	2,132
IT and telecommunications	-	12	-	2,009	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)
Net operating expenditure	**13,960**	**3,075**	**1,550**	**10,901**	**29,486**

During 2021-22 PHSO restructured its operating model. The main change was to create the separate Strategy and Communications directorate, which had previously been part of Corporate Services. We have restated the 2020-21 costs on the same basis for comparability.

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.

3. Operating expenditure

	Note	2021-22 £000	2020-21 £000
Cash items			
Wages and salaries		19,450	18,119
Less: capitalised staff costs		(733)	(689)
Social security costs		1,940	1,749
Other pension costs		4,595	4,295
Ombudsman's salary and social security		194	194
Staff costs		25,446	23,668
Early departure costs		173	9
Information and communications technology		1,396	1,190
Goods and services		2,019	1,375
Accommodation costs		1,044	947
Accommodation operating leases		970	976
Purchases of goods and services		5,602	4,497
Total cash items		**31,048**	**28,165**
Non-cash items			
Auditor's remuneration		59	63
Total Auditor's remuneration		59	63
Depreciation and amortisation of fixed assets:			
Property, plant and equipment	5	675	507
Intangible assets	6	622	592
Loss on disposal	5	-	7
Depreciation impairment charges and adjustments		1,297	1,106
Provisions:			
Provided in year	10	174	242
Provisions not required written back	10	(68)	(57)
Provision expense		106	185
Total non-cash items		**1,462**	**1,354**
Total		**32,510**	**29,519**

Auditors have received no remuneration for non-audit work.

Staff related costs

	2021-22				2020-21
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	**Total £000**	Total £000
Wages and salaries	17,488	334	1,628	**19,450**	18,119
Social security costs	1,894	46	-	**1,940**	1,749
Other pension costs	4,507	88	-	**4,595**	4,295
Less capitalised salary costs	(298)	-	(435)	**(733)**	(689)
Sub total	**23,591**	**468**	**1,193**	**25,252**	**23,474**
Ombudsman's salary and social security	194	-	-	**194**	194
Total gross costs	**23,785**	**468**	**1,193**	**25,446**	**23,668**

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

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

For 2021-22, contributions of £5.486m were payable to the Principal Civil Service Pension Scheme (PCSPS) (2020-21 £5.137m) including both employee and employer's contributions at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees that do not enter the Civil Service Pension Scheme can opt to open a partnership pension account or a stakeholder pension with an employer contribution. Employer's contributions of £67k (2020-21: £35k) were paid to the provider appointed by the scheme manager (Legal & General). 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 £8k (2020-21: £4k).

4. Income

	Note	2021-22 £000	2020-21 £000
Recoveries in respect of Legal Fees.		11	33
Total		**11**	**33**

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

2021-22	Furniture and fittings £000	Information technology £000	Office machinery £000	Buildings £000	Assets under construction £000	**Total £000**
Cost or valuation						
At 1 April 2021	730	1,754	195	1,009	41	**3,729**
Additions	97	295	-	-	4	**396**
Disposals	(100)	(103)	(123)	-	-	**(326)**
Transfers	-	-	-	47	(47)	**-**
At 31 March 2022	**727**	**1,946**	**72**	**1,056**	**(2)**	**3,799**
Depreciation						
At 1 April 2021	371	557	149	278	-	**1,355**
Charged in year	135	422	13	105	-	**675**
Disposals	(100)	(103)	(123)	-	-	**(326)**
Transfers	-	-	-	-	-	**-**
At 31 March 2022	**406**	**876**	**39**	**383**	**-**	**1,704**
Carrying amount as at 31 March 2022	**321**	**1,070**	**33**	**673**	**(2)**	**2,095**
Carrying amount as at 31 March 2021	359	1,197	46	731	41	**2,374**

All property, plant and equipment held at 31 March 2022 is owned. There are no assets held under finance leases or assets held as non-current assets under PFI contracts. PHSO holds no third-party assets.

Additions and disposals relate mainly to furniture and fittings, office equipment and IT infrastructure disposed of at nil value.

5. Property, plant and equipment (continued)

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

6. Intangible assets

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

2021-22	Software £000	Assets under construction £000	Total £000
Cost or valuation			
At 1 April 2021	3,660	437	4,097
Additions	120	1,262	1,382
Transfers	262	(262)	-
At 31 March 2022	**4,042**	**1,437**	**5,479**
Amortisation			
At 1 April 2021	1,895	-	1,895
Charged in year	622	-	622
Transfers	-	-	-
At 31 March 2022	**2,517**	**-**	**2,517**
Net book value:			
Carrying amount as at 31 March 2022	**1,525**	**1,437**	**2,962**
Carrying amount as at 31 March 2021	1,765	437	2,202

6. Intangible assets (continued)

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

7. Cash

	31 March 2022	31 March 2021
	£000	£000
Balance at 1 April	263	284
Net change in cash balances	(128)	(21)
Total cash balances at 31 March	**135**	**263**

PHSO only holds cash balances with the Government Banking Service.

8. Trade and other receivables

	31 March 2022	31 March 2021
Amounts falling due within one year:	£000	£000
Trade receivables within one year	81	82
Deposits and advances	6	1
Prepayments and accrued income	901	702
Total	**988**	**785**

9. Trade and other payables

	31 March 2022	31 March 2021
	£000	£000
Amounts falling due within one year		
Trade payables	499	167
Taxation and social security	569	505
Other payables	482	441
Accruals and deferred income	1,030	1,300
Rent-free period accrual	88	88
Amounts issued from the Consolidated Fund for supply but not spent at year end	135	263
Total falling due within one year	**2,803**	**2,764**
Amounts falling due after more than one year		
Rent-free period accrual	416	505
Total falling due after more than one year	**416**	**505**

The 31 March 2021 comparatives have been re-presented. The amounts falling due within one year were previously shown as two separate sub-totals: trade and other payables, and other liabilities, both of which were shown on the face of the Statement of Financial Position. We have now combined those into a single total in this note and on the face of the Statement of Financial Position. We have made this change in order to make the primary statements clearer for the reader.

10. Provisions for liabilities and charges

	2021-22				2020-21
	Legal claims £000	Dilapidations £000	Bad debts £000	**Total £000**	**Total £000**
Balance at 1 April	103	676	-	**779**	**617**
Provided in the year*	88	84	2	**174**	**242**
Provisions not required written back*	(68)	-	-	**(68)**	**(57)**
Provisions utilised in the year	(35)	-	-	**(35)**	**(23)**
Balance at 31 March	**88**	**760**	**2**	**850**	**779**

** The amount shown in the SoCNE comprises the movement in year of £106k 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

	2021-22				2020-21
	Legal claims £000	Dilapidations £000	Bad debts £000	**Total £000**	**Total £000**
Not later than one year	88	-	2	**90**	**210**
Later than one year and not later than five years	-	115	-	**115**	**-**
Later than five years	-	645	-	**645**	**569**
Balance at 31 March	**88**	**760**	**2**	**850**	**779**

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 was renegotiated during 2021-22 and the new lease period is from 25 March 2022 to 24 March 2024.

In Manchester, PHSO leases 4 floors of the Citygate building. The lease period is for 15 years from 1 October 2017 to 30 September 2032, 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 2022	31 March 2021
	£000	£000
Buildings		
Not later than one year	857	1,032
Later than one year and not later than five years	3,564	3,193
Later than five years	4,969	5,872
Total	**9,390**	**10,097**
Other		
Not later than one year	12	17
Later than one year and not later than five years	1	12
Later than five years	-	-
Total	**13**	**29**

12. Capital and other commitments

There were no contractual capital commitments as at 31 March 2022 (nil 31 March 2021) 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 2022	31 March 2021
	£000	£000
Not later than one year	1,402	1,591
Later than one year and not later than five years	601	439
Later than five years	61	170
Total	**2,064**	**2,200**

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.

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 2022 that would affect the financial statements.

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

If you would like this document in a different format, such as Daisy or large print, please contact us.

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