



Parliamentary  
and Health Service  
Ombudsman

# The Ombudsman's

## Annual report and accounts 2022 to 2023





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For the period 1 April 2022 to 31 March 2023

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## Performance report Overview

This overview section provides statements from the Ombudsman and Chief Executive on the performance of the organisation in 2022-23. It sets out the Ombudsman's purpose and role and provides analysis of how we have performed against strategic objectives and mitigated risk.

# Foreword from the Ombudsman and Chair



This is my final Annual Report as Parliamentary and Health Service Ombudsman as my seven-year term comes to an end in March 2024.

It is also Amanda Amroliwala's last Report as Chief Executive as she steps down in July 2023, having provided outstanding public service. There remains much to be done to create an exemplary Ombudsman service, but, together, and in partnership with staff colleagues, Board members, service users and stakeholders, we leave to our successors an organisation transformed, strengthened and in good heart.

In 2017, we consulted extensively, inside and outside PHSO, to refresh and reinvigorate the ethical basis, the vision and the core values of the national Ombudsman service. We undertook a comprehensive change management process which has taken six years to implement and still continues.

The first of the three core elements involves adding greater professionalism and empathy to our complaint handling processes. We streamlined the investigation process, introduced mediation into our portfolio, developed a new suite of professional training and development for staff, introduced formal accreditation for case handlers, established an award-winning Academy for new staff, and developed new quality assurance standards for investigations. In addition, we implemented the recommendations made by Sir Liam Donaldson in his independent review of our Clinical Advice function. We also established an Expert Advisory Panel to advise on complex cases.

The second core element, designed to demystify what we do, and to encourage wider policy and operational learning, involves living up to the principle of openness by developing an online platform to publish summaries of hundreds of cases we have investigated each year. As I

write that number stands at 925 complaints published since April 2021. In addition, we have continued our practice of laying significant cases and thematic studies before Parliament.

Third, and related, we have continued to transform our relationship with organisations and communities relevant to our work in the UK and internationally. Our initiative to work with bodies in jurisdiction in the NHS and central Government to co-create the PHSO-led Complaint Standards has been warmly and constructively embraced. The Complaint Standards set out best practice in complaint handling and are supported by model guidance, networking and training to promote excellence. The **Radio Ombudsman** podcast has explored the dilemmas of Ombuds practice with complainants, Ombuds leaders and stakeholders across 29 episodes. We have created a Public Engagement and Advisory Group to ensure sustained complainant involvement in our drive for better, more sensitive processes and to complement our regular independent surveys of user experience.

User rating of our impartiality currently stands at 77 per cent. Our research and connection with vulnerable communities manifests itself in a series of 'Ombudsman roadshows' – recently in Stockton-on-




Tees and Northern Ireland – promoting connection with people traditionally least likely to use our service. We have also played a significant role in the proceedings of the International Ombudsman Institute, leading research and collaborative practice in the light of the COVID-19 pandemic.


Of course, there is much still to be done, notably the introduction of long-promised, long-delayed, legislative reform of public sector Ombudsman structures and powers in the UK. But this has not stopped PHSO from holding the English health service and the UK central Government to account for significant failures, notwithstanding the challenges of COVID-19 and the dislocation of public services. These failures seen in our casework include prioritising organisational reputation over patient safety, repeated avoidable deaths in hospitals, disregard of the rights of British citizens in the Windrush scandal, and in the allocation of disability benefits. Our casework has secured justice for many users of Continuing Healthcare services, a woman whose

report of sexual assault was severely mishandled, and a man denied potentially life-saving treatment due to a late cancer diagnosis, among many others.

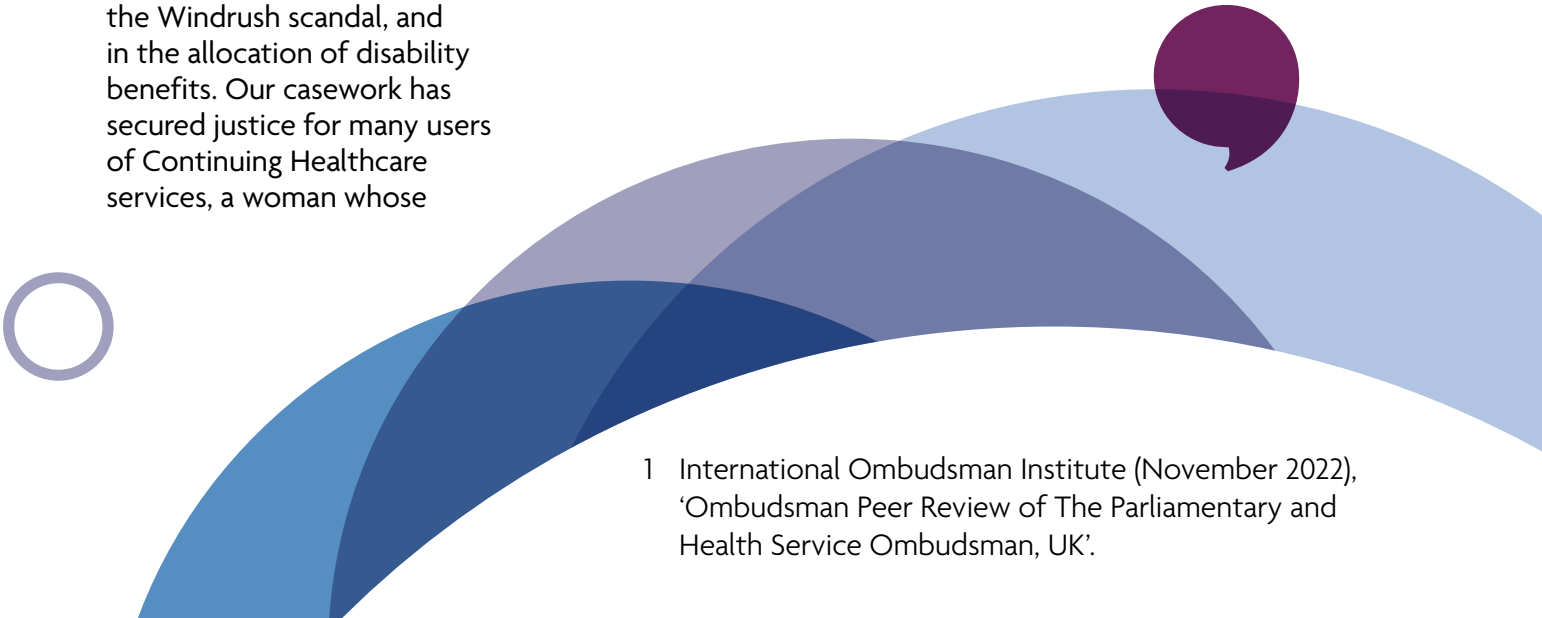
In addition to the constructive annual scrutinies of the Parliamentary Select Committee and the National Audit Office, we have (twice) commissioned independent peer reviews, validated by the International Ombudsman Institute, to benchmark our progress against comparator organisations. The latest review, published at the end of 2022, found that PHSO, the national Ombudsman service, 'is now a substantially stronger organisation than it was in 2018. It is an efficient, enhanced and effective modern Ombudsman service, which provides significant value for its stakeholders' with 'core strengths in terms of its leadership' and professional development initiatives which have 'set new and high standards in the Ombudsman sector'.<sup>1</sup>



I am grateful for the privilege of having served as Ombudsman and thank my colleagues for unwavering support through challenging times.



**Rob Behrens CBE,**  
Accounting Officer,  
Ombudsman and Chair  
June 2023



<sup>1</sup> International Ombudsman Institute (November 2022), 'Ombudsman Peer Review of The Parliamentary and Health Service Ombudsman, UK'.

# Foreword from the Chief Executive



PHSO continued to evolve throughout this year, as we sought to continuously improve the service provided to complainants and the organisations we investigate, while having an even greater impact for the public.

We brought in new talent and expanded development activity, making sure all staff have the skills, knowledge and confidence to excel in their roles and develop their careers.

A huge difference was made this year to waiting times. Although demand for our service remained significantly higher than pre-pandemic levels, we exceeded targets and brought down the number of unallocated cases by over fifty per cent. This means that we are on course to return to waiting times of frictional levels by the end of 2023-24 and that complainants are experiencing increasingly shorter periods before their complaint is considered.

We published a bold corporate strategy at the beginning of the year and laid the groundwork to deliver it, beginning a transformation programme that will innovate how we work. This work will allow us to be more efficient, agile and effective. It will harness technology to remove barriers to justice and will put people at the heart of service design and delivery.

To embed a culture of collaboration and high performance, we put in place a new hybrid working model from January. This is creating greater flexibility for colleagues, while maintaining the benefits of working together in person.

I am extremely pleased with the results of this year's staff survey, which reflect the huge effort across the organisation to improve the experience of working at PHSO and the way we do things. Colleagues were incredibly positive about how we work together – being open to ideas, being involved in decisions, being treated with respect and being skilled to do the job well. This is really encouraging for the organisation's future.



In the six years I have been chief executive, the change at PHSO has been extraordinary. We have relocated our main operation to Manchester, redesigned the operating model to be more responsive, developed best-in-class staff training and created a culture of inclusivity. Even faced with the severity of COVID-19 and its consequential impacts on our work, in the past year we have continued to improve the service we provide. In March, I announced my decision to stand down from this amazing organisation. When I leave PHSO later this year, I leave confident that it will continue to develop into an even better, stronger place.

It has been an absolute privilege to work with such wonderful colleagues over the last six years, and I know they will continue to deliver the ambitious commitments we have set out to achieve in the PHSO strategy. I want to thank them for their passion and dedication.

**Amanda Amroliwala CBE,  
Chief Executive  
June 2023**



# 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 service ombudsman.

## Role

We make final decisions on complaints that have not been resolved by UK Government departments, the NHS in England and some other UK public organisations.

Holding public bodies to account, we are impartial and independent of Government and the NHS in England. We are not a regulator, a consumer champion or an advocacy service.

We look 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.

People should complain to the organisation first so it has a chance to put things right. If an individual believes there is still a dispute about the complaint after an organisation has responded, they can ask us to consider it.

We share findings from casework with Parliament to help it hold to account organisations that provide public services. Findings and recommendations are shared more widely to help improve public services.

The work we do is scrutinised by the Public Administration and Constitutional Affairs Committee (PACAC) and we are accountable to Parliament.



# Values

PHSO's values were developed in close consultation with staff and stakeholders.



## 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 organisation's strategic direction and performance.

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 57.



# Casework process

We are the final port of call for people with a complaint about UK Government departments, the NHS in England and other UK public organisations. We follow a three-step process. Where we can, we try to resolve complaints as early as possible in the process. We aim to make the right decision at the right time.

## Initial check

We receive complaints via the helpline, email, post or webform. We collect details about the complainant, the person affected, the organisation and the issue.

We check to make sure we can deal with the complaint.

**This includes checking:**

- it is in PHSO's powers to investigate the organisation and issue complained about
- the complaint is ready for us to investigate.

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

- it has been made in writing
- the organisation's own complaints process has been completed
- any parliamentary complaint has been brought to us by an MP.

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

## Primary investigation

A primary investigation is held to decide if we can resolve the complaint quickly without further investigation. This may include mediation.

### We check that:

- **The complaint is a more serious one**  
If we can resolve a complaint quickly, we will. If we can't and can see the impact on the complainant was relatively minor, we will not look at it in more detail. We use our severity of injustice scale to decide the seriousness of a complaint.
- **The complaint is in time**  
The complaint was made to us or the MP within 12 months of the complainant becoming aware of the situation.
- **The complainant is suitable**  
The complainant has been affected personally by what happened or is a suitable representative for the person affected.
- **There is no alternative legal approach**  
The law says we cannot investigate a complaint if the complainant has (or has had) the option to take legal action.
- **There is evidence of a failing or injustice**  
After considering the evidence from all parties, and any legal or clinical advice, there is evidence of a failing or injustice that the organisation complained about has not already put right.

If the complaint does not meet these criteria, we make a decision and communicate the reason to all parties. If the complaint meets all the criteria, it progresses to a detailed investigation.



## Detailed investigation

We use powers set out in the Parliamentary Commissioner Act 1967 or Health Service Commissioners Act 1993 to conduct a detailed investigation.

The caseworker agrees the scope of the investigation (what it will cover) with all parties.

We gather and evaluate all information needed to decide on the matter agreed in the scope. This includes evidence from the complainant and organisation, and any specialist legal or clinical advice.

We share provisional views with all parties to make sure we have suitably considered all the evidence.

Once we have made a final decision, we write to the complainant and the organisation complained about to let them know.

**We uphold the complaint if:**

- we find the organisation or individual complained about got things wrong
- the person affected has been negatively impacted
- the organisation has not already addressed the issues.

If we uphold the complaint, we make recommendations to the organisation complained about setting out what it needs to do to put things right.



# Performance overview 2022-23

## Introduction to the performance overview

The information below highlights key achievements in 2022-23, the first year of the new 2022-25 corporate strategy.

Demand for our service continued to be above pre-pandemic levels this reporting year (20% higher than 2018-19). Despite this, we have reduced the queue of cases waiting to be considered from 2,200 to 1,050, substantially below forecast levels.

Work continues to become an even more modern and effective ombudsman service. This year we started a transformation programme that will bring digital and other innovations to how we work.

The skills and expertise of our people are critical to success. We have continued to invest in their development as well as bringing in new talent. Following extensive staff consultation, we put in place a new hybrid working model from January 2023, enabling greater flexibility while maintaining the benefits of working together in person.

Building on achievements from previous years, we launched an ambitious new strategy for 2022-25. It sets out a clear vision to be a voice for improvement in public services.



# Strategy for 2022-25

The strategy for 2022-25 presents a confident and progressive future for PHSO. We will address barriers to justice, further strengthen the quality and speed of our service and contribute to improvements in the public sector. We will provide independent, impartial and fair complaint handling, as an internationally respected public services ombudsman.

To make sure we continue to deliver high standards, we will continually review and carefully balance the transformational goals of the strategy with the immediate operational demand.

The three objectives are:

## Objective 1:

People who use public services have a better awareness of the role of the Ombudsman and can easily access our service.

## Objective 2:

People we work with receive a high quality, empathetic and timely service, according to international Ombudsman principles.

## Objective 3:

We contribute to a culture of learning and continuous improvement, leading to high standards in public service.



## Key facts in 2022-23

144



new employees recruited

8,096



decisions made on primary or detailed investigations

99%

of decisions on initial checks were made within seven days



1,013

recommendations made

Staff received

3,855



days of formal training to improve our service

544



complaints resolved without the need for an investigation

Financial remedy recommendations made totalled



£401,847

# What we achieved in 2022-23

## Objective 1:

People who use public services have a better awareness of the role of the Ombudsman and can easily access our service

### Removing barriers to our service

To continuously improve the service we offer, it is vital that we listen to the people we are here to help. We invested in external relationships, strengthening engagement with service users. We set up a Public Engagement Advisory Group to change how we listen and learn from members of the public and complainants. Six former complainants joined the group, which will expand during 2023-24 to include people who have not used our service. The advisory group will offer guidance on improving the experience people have with us and contribute ideas to policy and process development.

### Improving public awareness through community outreach

We know that different communities have different experiences of injustice and how to complain when something goes wrong. This year, we started a series of regional Ombudsman roadshows across the country to hear directly about issues facing local communities. In March, the Ombudsman visited Stockton-on-Tees and met with a number of local groups to hear about their experiences. He visited Tennant Street Medical Centre to discuss their support in trialling the PHSO-developed Complaint Standards for the NHS, and Stockton Riverside College to talk to students about the importance of Ombudsman services. We also held a free pop-up advisory clinic at Citizens Advice, with expert caseworkers on hand to talk through the complaints process.



## Objective 2:

People we work with receive a high quality, empathetic and timely service, according to international Ombudsman principles

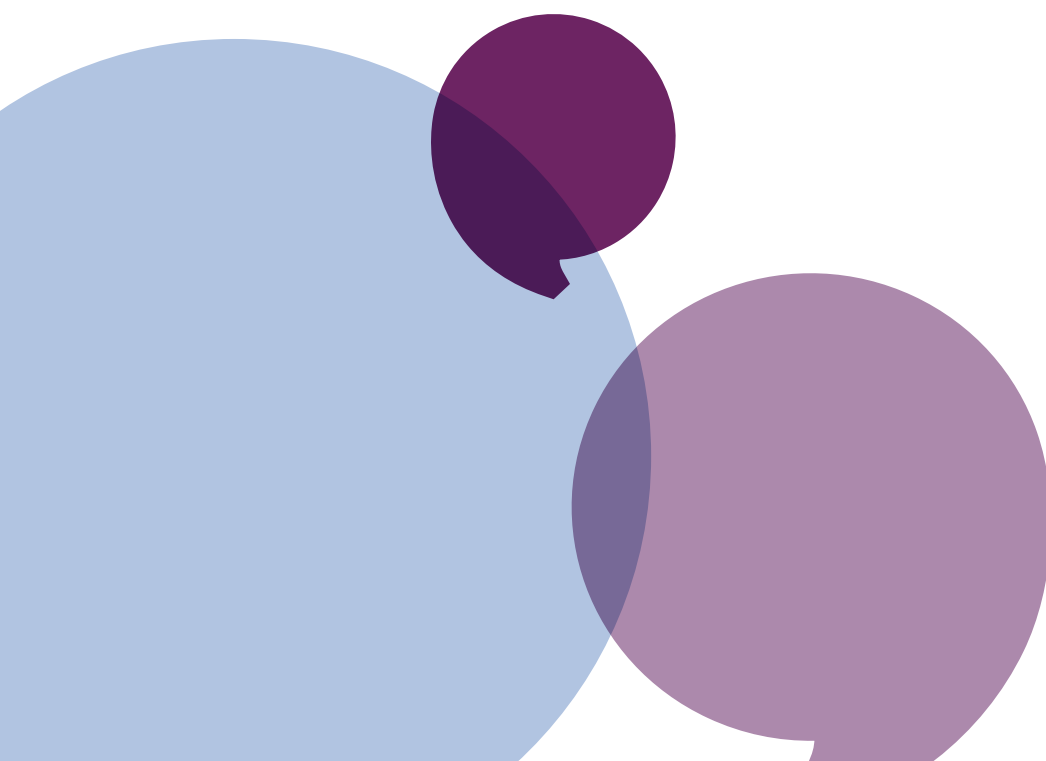
### Providing best practice complaint handling

An independent panel carried out a peer review of PHSO – the first ever peer review held under the auspices of the International Ombudsman Institute. This included examining a large volume of documentation and completing a two-day visit to gain an in-depth insight into our work, meeting PHSO colleagues and people whose complaints we have considered. The panel of accredited reviewers found that we deliver an ‘efficient, enhanced and effective modern service’ and the quality assurance processes, Academy and accreditation we deliver ‘have set new and high standards in the Ombudsman sector’.

The panel also highlighted the need for Ombudsman reform, which we have continued to champion throughout the year. In January, we commissioned independent research from the economic consultancy Social Finance, which found that establishing a single modernised and integrated Public Service Ombudsman would cost the taxpayer less per year compared to the current system.

### PACAC inquiry report

The Public Administration and Constitutional Affairs Committee published its report in March, following the 2021-22 scrutiny session. The Committee recognised many of the positive changes we made and successes we achieved, including substantially bringing down the backlog of cases, progress on Complaint Standards for the NHS and Government, and outreach and liaison activities, as well as highlighting several areas for monitoring and improvement. We will work to build on the progress we have made.





## International Ombudsman outreach

The unique perspective and commitment we have to embedding a learning culture in public services continues to be recognised through the leadership role we hold in the international Ombudsman community.

In November, the Ombudsman and Chief Executive met the Ukrainian Parliamentary Human Rights Commissioner (Ombudsman). This was a sobering and humbling opportunity to listen to their very different challenges and hear from some Ukrainian refugees about their experiences.

The following month, representing PHSO as a member of the Board of the International Ombudsman Institute, the Ombudsman travelled to Ukraine. He was invited to speak at a conference to mark Human Rights Day, visit the Commissioner's office and tour Kyiv and Irpin, both badly affected by the illegal Russian invasion.

We have formal partnerships with the South African Office of the Health Ombudsman (since March 2021) and the Ombudsman of Israel (since May 2022). These partnerships are a means of knowledge exchange and sharing best practice in areas such as mediation, caseworker training and accreditation.

This year, we also hosted informal learning exchanges with ombuds from Bermuda, the Netherlands and Kenya.



## Objective 3:

We contribute to a culture of learning and continuous improvement, leading to high standards in public service

### Improving frontline complaint handling

In October, we published the UK Central Government Complaint Standards, developed in collaboration with central Government departments, other public bodies, and advice and advocacy groups. Organisations including the Cabinet Office, Department for Transport, HMRC and the Food Standards agency are acting as trailblazers. They will lead the way in embedding the Standards in their organisation and will work with us to further develop and share good practice across the Government.

We received overwhelmingly positive feedback from the NHS Complaint Standards pilot. NHS staff told us the support on offer will make a real, practical difference to complaint handling for them and for service users. We refined, improved and updated the Standards and guidance based on their feedback. In 2023, we will continue working with the NHS in England to embed the Standards into working practices across the NHS.

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 The training from PHSO was great and staff really wanted to follow the Standards.

A mental health organisation



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### Holding organisations to account

After having concerns about the culture at University Hospitals Birmingham NHS Foundation Trust and the effect on safety for patients and staff, we triggered the Emerging Concerns Protocol in August. This is a process for health and social care regulators to share information that may indicate risks to people using health services. This was the first time the Ombudsman had triggered this protocol, highlighting the degree of concern about its leadership's response to patient safety incidents and its refusal to accept accountability or learn from past failings.

The action we took generated significant national media coverage and contributed to the establishment of three reviews into the Trust. We wrote to NHS England on 7 March 2023 to highlight ongoing concerns and to seek answers why partner organisations were being excluded from contributing to these reviews.



## Investigation into Continuing Healthcare funding

We investigated Hounslow Clinical Commissioning Group (CCG) and found a man with complex care needs was put at risk after it failed to properly assess and provide for his healthcare. A live-in carer was also significantly underpaid.

The live-in carer worked alone during nights when two carers were needed, and consistently worked for more than ten hours daily, for many years, to cover gaps in care provision.

The CCG failed to provide necessary funding for round-the-clock support for the patient and did not provide annual increases to fund the carer's pay. We recommended it pay the former live-in carer £250,000 to put this right.

This came two years after our landmark report outlining common failings seen in NHS Continuing Healthcare, which often resulted in families funding care when the NHS should have done so.

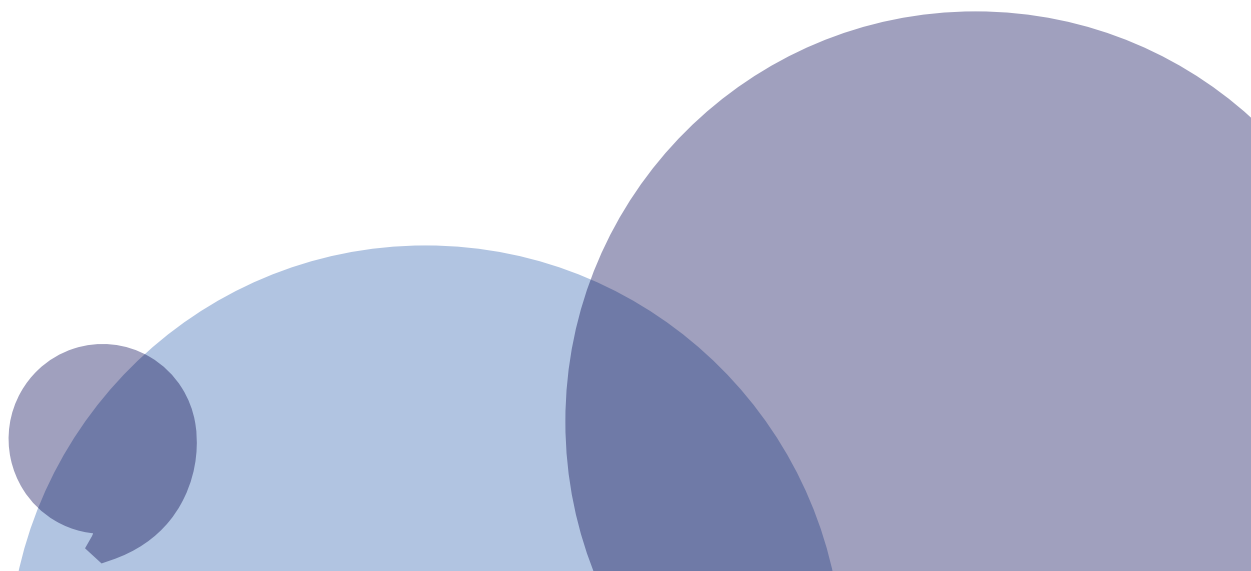
## Investigation into women's State Pension age changes

The investigation into the Department for Work and Pensions' (DWP) communication of women's State Pension age changes continued this year, with Stage 2 looking at National Insurance qualifying years, complaint handling by DWP and the Independent Case Examiner, and injustice. The final stage, Stage 3, considers remedy. With a legal challenge brought against us, we have agreed to look again at part of the Stage 2 report, subject to the Court's approval. The final publication of all three stages will be delayed while this takes place.

We are confident that we have completed a fair and impartial investigation, and we hope this cooperative approach will provide the quickest route to remedy for those affected and reduce the delay to the publication of the final report.

## Informing public safety debates

After contributing to the Ockenden and Kirkup investigations, which found avoidable deaths caused by maternity service failings, we published 'Spotlight on maternity care: your stories, your rights'. This was the first in a new series that aims to share casework insights to add to the evidence and debate on important issues and encourage more people to complain when something goes wrong. Using the stories of people we have supported, it focused on common failings in maternity services, which include communication, diagnosis, aftercare and mental health support. The report gives advice to new and expectant mothers on how to navigate the complaints system and how we can help them access justice.



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### Case summary: maternity care

Patricia Michael complained about maternity care she received in 2020, which made her feel low and caused anxiety about whether she will be able to have children in future.

We found failings in the service Barts Health NHS Trust provided. Staff did not do ultrasound scans to investigate bleeding during her pregnancy when they should have done and did not properly explain delivery options or the induction of labour process. Staff removed her retained placenta manually rather than in an operating theatre under anaesthetic, which did not follow the Trust's policy. They did not properly explain the haematoma on her baby's head before she left the hospital.

We recommended the Trust improve its service, share an action plan with Miss Michael and pay her compensation.

**“What happened to me should never be allowed to happen to anyone else. It was a traumatic experience that affected me deeply and still does. All women should be able to trust the care they're getting is the best and that everything is being done as it should be. I hope improvements are made so that no other woman has to go through what I did.”** – Patricia Michael

At the heart of everything we do is creating better services for the public. We worked jointly with the Local Government and Social Care Ombudsman on guidance to tackle common mistakes in mental health in-patient aftercare. Through a series of case studies, the guidance draws attention to recurring mistakes uncovered in the joint investigation work of PHSO and LGSCO when there are misunderstandings between a council and CCG about their collective responsibilities.



## Protecting people and improving services

This year, we made 1,013 recommendations to improve services, prevent repeated failings and compensate service users. These case summaries show the range of organisations and complaints we investigate, the significant impact of public service failings on individuals' lives, and how we make a real difference to people who have faced injustice.

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### Case summary: mishandled sexual assault report

Ms B contacted the Foreign, Commonwealth and Development Office (FCDO) to report that she had been raped while on holiday with friends in Turkey.

She complained that the FCDO's actions and attitude, including giving her wrong information and telling her to 'carry on with your holiday and enjoy it', left her unable to seek a prosecution and feeling embarrassed and insignificant.

We found the FCDO's failings led to a missed opportunity for Ms B to bring her attackers to justice and undermined her ability to heal. We recommended it present an action plan to the Foreign Affairs Committee and the Public Administration and Constitutional Affairs Committee, setting out how it will address its failings and prevent recurrence. We also recommended it pay Ms B compensation.

"I wouldn't wish my experience of the FCDO's mishandling on anyone else. **I can only hope that significant lessons will be learnt by the FCDO following the report by the Ombudsman** and, as a result, significant changes are made to their processes, hiring and training practices." – Ms B

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### Case summary: delayed cancer diagnosis

Richard Excell was denied potentially life-saving treatment after Royal Devon University Healthcare NHS Trust failed to diagnose his liver cancer for five months.

We found staff wrongly interpreted scans and did not act quickly enough. If they had diagnosed Mr Excell's cancer when they should have done, there is a chance the cancer may not have been terminal.

We are guided by principles of not seeking to blame to individuals and that organisations should adopt a learning culture. We recognised the Trust had already learnt from the error and taken steps to stop this from happening again. We recommended it write to Mr Excell to accept its failings and pay him compensation.

"Unfortunately it is what it is, there's no point in trying to apportion blame now, it is something my family, friends and I have to live with. **But I was very upset to find out that it should have been picked up months earlier and could have made a difference to my treatment.**" – Richard Excell

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### Case summary: wrongly paid child support

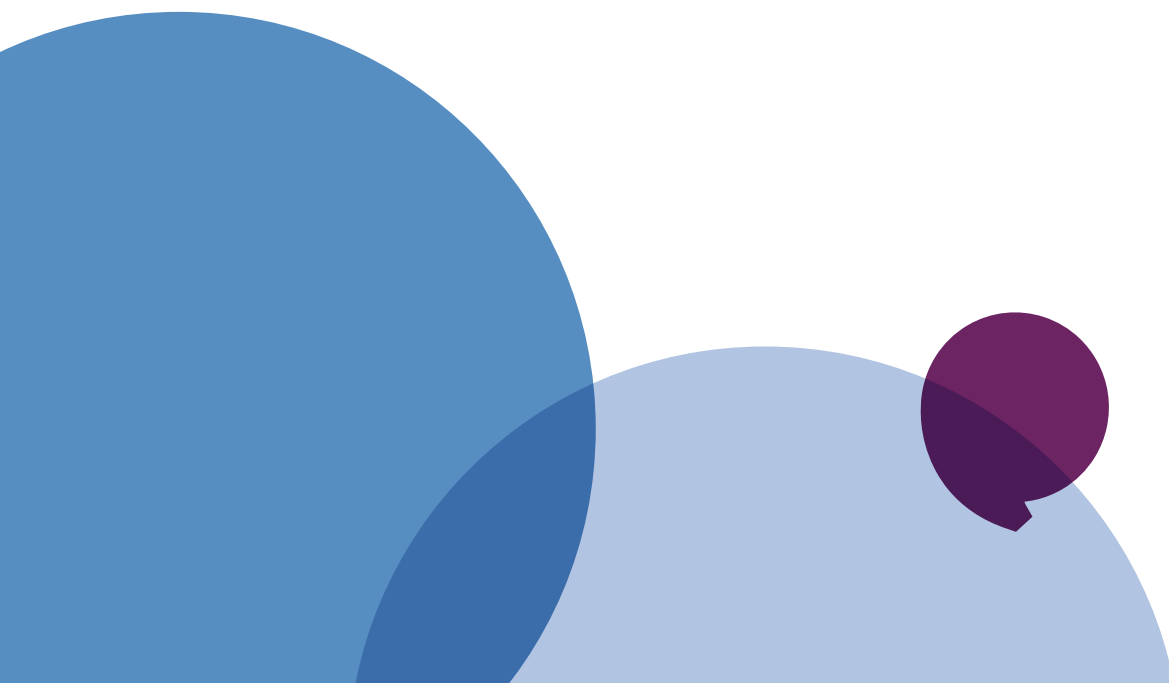
When people use public services, they rightly expect to be given accurate information and be treated with respect.

Child Maintenance Services (CMS) contacted Mr E after the breakdown of a relationship. He told CMS that although he was on his ex-partner's child's birth certificate, he doubted he was the biological father.

A paternity dispute can be raised at any time during a child maintenance case, but Mr E was given inaccurate information. He raised the issue of paternity with CMS nine times before an employee realised the mistake.

Mr E unnecessarily paid over £8,500 in child support during that time. We recommended CMS pay Mr E the money back.

**"I don't blame the staff at CMS, but they obviously need better training so the advice they give is accurate. I'm happy to get the money back, I really didn't expect that to happen. I hope bringing attention to my case helps others in the future to get justice. I can't thank the Ombudsman enough for treating me with respect and doing a fantastic job of helping me."** – Mr E



## Case summary: multiple hospital failings

June Richards complained about the treatment Barts Health NHS Trust gave to her fiancé, Andy Shewan, who tragically died in the days before their wedding.

We found a catalogue of failings that led to the avoidable death of Mr Shewan. The Trust did not take proper action when Mr Shewan's condition got worse, left him alone in a side room for a long time and did not contact Ms Richards in time to say goodbye. When investigating what happened, the Trust failed to question a clinician about why they did not respond to an emergency call, and delayed completing and sending an investigation report to Ms Richards.

We recommended the Trust pay Ms Richards compensation and apologise to her for failing to prevent Mr Shewan's death. We also recommended it produce an action plan to make sure the failings we identified do not happen again.

“We used to say to each other ‘aren’t we a lovely family, you, me and Lily’, our lovely dog. Now, I sit here, and I think ‘I’ve lost Andy’. **His death was avoidable; he could’ve still been here.** I could have had him for another week, or it could’ve been months or years. They’ve taken such a lot from me that no one can give me back.” - June Richards

“**We are deeply sorry for the serious failings in the care provided to Mr Andrew Shewan and extend our heartfelt condolences to his family.** We apologised unreservedly to Ms June Richards, paid the full compensation recommended by the Ombudsman, and took steps to ensure this doesn’t happen again.” – Chief Executive of Whipps Cross Hospital, Ralph Coulbeck



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### Case summary: wrongly denied motorbike licence

Paul Olsen was wrongly denied a licence to ride his motorcycles for over three years. Mr Olsen moved to the UK from San Francisco in 1969. He was re-issued a lifetime licence in the 1970s.

A keen motorcyclist for over 60 years, it was only when he tried to have a new motorcycle insured in 2018 that he was informed he didn't have the right type of licence.

After complaining unsuccessfully to the DVLA, Mr Olsen went to the Independent Complaints Assessor (ICA) who agreed it was likely he had the right licence but could not recommend the DVLA give him a new entitlement because it had followed procedure.

Mr Olsen brought his complaint to us. We found the DVLA was too rigid when deciding that Mr Olsen's evidence did not prove he was entitled to ride motorbikes and its record-keeping was flawed in this case.

We recommended the DVLA apologise, refund the money it had cost Mr Olsen to cancel his insurance and pay him compensation. We also asked the DVLA to reinstate his entitlement to drive a motorcycle.

**“My caseworker at the PHSO was terrific, and a real old-school gentleman who was a quietly persistent terrier. I'm delighted at the outcome because I was so fed up with the DVLA being unreasonable.”** – Paul Olsen





## Performance analysis

This section of the report provides a detailed analysis of performance during 2022-23. It 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, we made changes 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. We have followed the same reporting process this year.

Where comparative data for previous years is not available, we have given the reason for this.

The following performance data is included in this section.

### How we describe our work

<b>Enquiries dealt with by contact centre</b>	Made by email, post, webform or letter.
<b>Complaints worked on during the year</b>	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 'Casework process' on page 15.

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 or discontinued** – complaints that have been stopped before a decision was given regarding the issues raised. This may happen when the complainant no longer wishes to pursue the complaint or does not provide the information required to progress an investigation
- **Other reason to conclude the complaint** – any other reason to close a complaint that does not fall into one of the above categories. This includes identifying that an alternative legal remedy is available.

## How we describe our work

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

## Enquiries dealt with by the contact centre

<b>Enquiries dealt with by the contact centre</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Phone calls</b>	55,734	54,698	33,818	45,712	40,667
<b>Total enquiries (including phone calls, emails, post, webform)</b>	112,262	103,965	79,249	122,367	129,346

In 2022-23, the number of enquiries received via phone calls, emails, letters and completed webforms was 129,346. This is 6% higher than in 2021-22 where the total number received was 122,367, and 15% higher than 2018-19 (pre-pandemic).



## Complaints worked on during the year

Complaints worked on during the year	2018-19	2019-20	2020-21	2021-22	2022-23
Carried over from the previous year	3,946	3,057	3,549	5,251	4,885
Accepted for consideration	29,264*	31,365*	19,700	29,665	28,410
Accepted for consideration following re-presentation			5,142	6,583	6,693
Carried forward to the next year	3,057**	3,549**	5,251**	4,885**	4,303

\*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.

We accepted 35,103 complaints for consideration in 2022-23, of which 6,693 complaints were accepted for consideration following re-presentation. These are complaints that were previously 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 2022-23 there were 4,303 complaints either in progress or waiting to be allocated to a caseworker. This is 582 fewer (12%) than in 2021-22. The main reason for this improved position is the reduction of the queue of cases waiting to be considered.

## Decisions made

Over the last year PHSO made 35,662 decisions on complaints.

### Stages in the complaint process

Complaints worked on during the year	2018-19	2019-20	2020-21	2021-22	2022-23
Decided following initial checks	21,672	23,141	18,689	29,213	27,492
Resolved by mediation	N/A	14	14	29	74
Decided following primary investigation	6,332	6,530	3,864	6,760	7,484
Decided following detailed investigation	1,837	1,210	557	612	612
<b>Total complaint decisions</b>	<b>29,841</b>	<b>30,895</b>	<b>23,124</b>	<b>36,614</b>	<b>35,662</b>

The total volume of decisions made in 2022-23 decreased by around 3% compared to 2021-22. This small drop in overall decisions is due to a reduction in the number of decisions made at initial checks. There has been a large increase of 11% in decisions made at primary investigation stage, which are more complex cases than those closed at initial checks stage and demand greater consideration. The level of detailed investigations has remained the same.

We have committed to doubling the number of complaints resolved through mediation each year and achieved that target again in 2022-23. We resolved 74 complaints through mediation, which is a rise from 29 in 2021-22.



## Types of decisions

We issue 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 32.

Decisions made – types of decision		2018-19	2019-20	2020-21	2021-22	2022-23
Not able to consider further	Not ready for us	20,683	21,960	17,103	26,043	24,984
	Out of jurisdiction or remit	1,587	1,677	1,197	1,879	2,138
	Out of time	685	969	522	834	1,002
	Lower severity injustice	N/A	N/A	N/A	1,319	1,029
Examined for maladministration and/or injustice	No failings or injustice identified	3,077	2,290	1,536	1,734	1,886
	Failings or injustice identified, but already addressed	836	776	462	498	533
	Failings or injustice identified, with recommendations made	746	650	338	394	419
Resolved	Resolved with the agreement of the complainant	444	372	283	453	544
Withdrawn or discontinued	Withdrawn or discontinued	623	348	243	337	380
Other	Other reason to conclude the complaint, for example, an alternative legal remedy	1,160	1,853	1,440	3,123	2,747
Total complaint decisions		29,841	30,895	23,124	36,614	35,662

The proportion of different types of decisions that we made in 2022-23 is similar to 2021-22 and is in line with our commitment to make the right decision at the right time.

We were able to resolve 544 cases in 2022-23 with the agreement of the complainant and mostly during primary investigation. This is 20% higher than 2021-22 and 23% higher than 2018-19 (pre-pandemic). We have continued to apply principles of managing demand on the service we offer, following other Ombuds schemes in the international community. In total, we decided not to consider 1,029 further due to the impact of the claimed injustice being relatively limited.

## The time it takes to reach a decision

Time taken to reach a decision		2018-19	2019-20	2020-21	2021-22	2022-23	Target
<b>Decided following initial checks</b>	Within 7 days	93%	96%	99%	99%	99%	95%
	Within 13 weeks	41%	48%	25%	32% (31%)	40%	50%
	Within 26 weeks	72%	80%	52% (49%)	49% (48%)	51%	75%
	Within 52 weeks	92%	93%	89% (85%)	81% (81%)	77%	95%

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

In 2022-23, 99% of decisions made following initial checks were reached within seven days. This was against a target of 95% and is the same as 2021-22. The volume of decisions reached following further consideration within 13 and 26 weeks improved in 2022-23. The volume of decisions reached within 52 weeks has fallen slightly. This is a result of the amount of time cases had to wait to be allocated due to the pandemic, which will reduce as we bring down the number of unallocated cases.

## Recommendations and compliance

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

If an organisation does not act on our recommendations, we can lay a report before Parliament. The Public Administration and Constitutional Affairs Committee may hold an inquiry to look into the matter, or refer it to another committee, to hold to account a Secretary of State or head of an NHS organisation.

Recommendations made and compliance with those recommendations	2018-19	2019-20	2020-21	2021-22	2022-23
Apologies	510	507	267	361	361
Service improvements	450	491	226	294	298
Other actions to put things right	103	71	82	85	98
Financial compensation recommendations	345	297	170	249	256
<b>Total recommendations made</b>	<b>1,408</b>	<b>1,366</b>	<b>745</b>	<b>989</b>	<b>1,013</b>
Financial compensation total	£252,473	£626,289	£492,823	£265,656	£401,847
Recommendations closed complied with	1,251	1,273	543	863	967
Recommendations closed not complied with	11	1	2	2	2

The financial payment recommendations totalled £401,847. This is an increase on the previous year. In addition to this, we recommended Hounslow Clinical Commissioning Group reimburse a former live-in carer who had been underpaid while providing support over many years. The CCG calculated this to be £250,000 and agreed to make the payment. This takes the financial compensation payment we have secured for people to over £650,000.

## Service Charter

The Service Charter sets out commitments to the quality of the service people can expect at each stage of the process when they bring a complaint to us.

An independent company collects feedback from users of our service throughout the year.

Overall scores have improved compared to the previous year. Work has also commenced to review the questions asked of service users to better measure changes to the service provided and to capture complaint outcomes.

Service Charter		2018-19	2019-20	2020-21	2021-22	2022-23
<b>Giving you the information you need</b>	We will explain our role and what we can and cannot do (%)	79%	79%	77%	76%	79%
	We will explain how we handle complaints and what information we need from you (%)	80%	79%	78%	73%	79%
	We will direct you to someone who can help with your complaint if we are unable to, where possible (%)	78%	72%	76%	76%	76%
	We will keep you regularly updated on our progress with your complaint (%)	81%	79%	80%	73%	80%
	<b>Overall section score against a KPI of 84% (%)</b>	<b>79%</b>	<b>77%</b>	<b>78%</b>	<b>75%</b>	<b>78%</b>



Service Charter		2018-19	2019-20	2020-21	2021-22	2022-23
<b>Following an open and fair process</b>	We will listen to you to make sure we understand your complaint (%)	73%	72%	71%	65%	72%
	We will explain the specific concerns we will be looking into (%)	88%	87%	81%	77%	82%
	We will explain how we will do our work (%)	77%	77%	77%	75%	89%
	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%	55%
	We will share facts with you and discuss with you what we are seeing (%)	68%	70%	69%	64%	68%
	We will explain our decision and recommendations, and how we reached them (%)	53%	47%	49%	47%	49%
	<b>Overall section score against a KPI of 70% (%)</b>	<b>68%</b>	<b>67%</b>	<b>66%</b>	<b>63%</b>	<b>69%</b>
<b>Giving you a good service</b>	We will treat you with courtesy and respect (%)	90%	89%	87%	86%	90%
	We will give you a final decision on your complaint as soon as we can (%)	53%	50%	46%	46%	43%
	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%	65%
	<b>Overall section score against a KPI of 70% (%)</b>	<b>70%</b>	<b>68%</b>	<b>65%</b>	<b>64%</b>	<b>66%</b>

## Complaints about our service and how we reach decisions

Service and decision reviews	2018-19	2019-20	2020-21	2021-22	2022-23
Service review requests	335	126	71	61	43
Service review requests upheld	147	56	40	25	24
Decision review requests	1,199	942	478	455	255
Decision review requests upheld	43	120	97	37	48
Positive feedback received	104	110	100	86	136

### Service review requests

We are committed to continuous learning, living the values we champion. Feedback from service users helps us to identify where we need to improve. If someone complains about the service provided by an individual member of staff or team, their manager should consider it and try to resolve the concerns.

In 2022-23, we decided on 43 formal complaints about our service (service review requests), which is less than 1% of the total number of complaint decisions. This compares to 61 (<1%) in the previous year. We upheld 24 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 2022-23, we made 14 compensation payments to complainants due to poor service. These came to a total of £5,890.

### 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 2022-23, we carried out 255 review requests of decisions (decision review requests) and upheld 48 of them. In 2021-22, we completed 455 review requests of decisions and upheld 37 of them. The number of decision review requests we considered reduced this year. This is because the data now shows the benefits of process improvements made in August 2021. We streamlined our approach because we were only finding a small percentage of issues from a large volume of review work. After concerns about decisions have been discussed with the caseworker, challenges are now processed through the Ombudsman Assurance Team (OAT) for consistency and efficiency. Making better use of our resources has enabled us to accurately identify any issues while delivering timelier outcomes.

This year we received 136 pieces of positive written feedback from people who had used our service and from organisations we investigate.

## Information rights

Information rights requests	2018-19	2019-20	2020-21	2021-22	2022-23
FOI requests received in year	364	224	345	498	699
SAR requests received in year	307	349	201	288	339
Other GDPR requests received in year	-	-	-	-	153
FOI requests responded to in statutory limitations	93%	89%	68%	51%	94%
SAR requests responded to in statutory limitations	95%	79%	61%	45%	91%
Other GDPR requests responded to in statutory limitations	-	-	-	-	94%

In 2022-23 reporting of all types of information rights requests was developed and we are now able to provide more detailed information about the requests we receive. We have included a new category for the other GDPR requests in the table of results and these will be reported on in the future.

The number of Freedom of Information (FOI) requests we received increased by 40% compared to 2021-22.

The percentage of FOI requests responded to within 20 working days increased by 43 percentage points from the previous year. The percentage of Subject Access Requests (SARs) responded to in writing within one month (or within three months for complex requests) increased by 46 percentage points.

## People who use the Ombudsman service

People who use the Ombudsman service	2018-19	2019-20	2020-21	2021-22	2022-23
Male	43%	47%	48%	46%	43%
Female	57%	53%	52%	54%	57%
18-34	14%	15%	14%	18%	15%
35-54	42%	42%	42%	37%	40%
55-74	38%	38%	36%	39%	39%
75+	6%	4%	8%	6%	6%
Disabled people	44%	42%	45%	39%	44%
Non-disabled people	56%	58%	55%	61%	56%
Asian, Black, Mixed ethnicity and Other ethnic group	17%	16%	19%	18%	16%
White	83%	84%	81%	82%	84%

Our corporate strategy outlines how we intend to remove barriers to making complaints and make it easier for people to use the service we provide. These include targeting underrepresented groups in the community to explain our role, working with partners to improve signposting and referrals, and greater use of technology to make it easier to make a complaint.

### Risks we managed

In 2022-23 we refined the design of our strategic risk register to better demonstrate the link between risk and assurance. We continued to operate effective risk management, using an established best-practice approach through the following activities:

- in March 2022, 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
- 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 staff across PHSO.

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
<p><b>Business Plan / change</b></p> <p>Delivery of essential change and Business Plan activity is limited by capacity constraints and challenges to recruitment.</p> <p>This risk remained stable throughout 2022-23.</p>	<ul style="list-style-type: none"> <li>Established and recruited to a new Transformation team</li> <li>Sourced a highly skilled and experienced partner to provide resource and guidance in developing the Transformation Portfolio and Casework Programme</li> <li>Recruited 144 employees</li> </ul>
<p><b>Casework quality</b></p> <p>Planned improvements to the quality of casework are not realised and we see a reduction in the quality of published casework.</p> <p>The risk remained low throughout the year.</p>	<ul style="list-style-type: none"> <li>Developed an improved approach to onboarding through the training Academy, resulting in new staff gaining greater experience before joining casework teams</li> <li>Completed an end-to-end review of casework processes to identify and implement efficiency improvements</li> <li>Embedded and tracked KPIs for casework quality at Board level</li> </ul>
<p><b>Demand</b></p> <p>Future demand levels are greater than forecast, recruitment of new caseworkers proves challenging and we receive a higher proportion of complex casework.</p> <p>Although stable throughout 2022-23, this risk was the highest rated.</p>	<ul style="list-style-type: none"> <li>Continued to monitor the accuracy of forecasting on a monthly basis, refining the forecasting model in the process</li> <li>Continued to refine the approach to recruitment to reinforce our reputation as an employer of choice</li> <li>Established new principles of proportionality to allow caseworkers to reach correct decisions more efficiently</li> </ul>
<p><b>Funding</b></p> <p>We do not receive the funding required to meet our strategic objectives, we must reprioritise resources to meet demand needs and budgeting continues to be impacted by rising inflation.</p> <p>The outlook of this risk worsened over the course of the year due to high levels of inflation affecting costs.</p>	<ul style="list-style-type: none"> <li>Engaged regularly with HM Treasury to discuss potential funding needs</li> <li>Prioritised resources to deliver Strategy objectives during business planning and budget process</li> <li>Implemented increased budget monitoring and reallocated unspent funds on a continuous basis</li> </ul>
<p><b>Staff engagement</b></p> <p>As staff adopt a hybrid working pattern, we face challenges in new ways of working and increasing cost-of-living impacts on staff morale.</p> <p>This risk was broadly stable during the year.</p>	<ul style="list-style-type: none"> <li>Established new ways of working, providing staff with flexibility and balance in where, when and how they work</li> <li>Launched the MyShop discount scheme to help staff save money</li> <li>Carried out the annual staff survey to confirm that staff felt supported and engaged, with improvement actions to be developed from the results</li> </ul>

## Financial review

Expenditure is reported in the Statement of Outturn against Parliamentary Supply (page 91), and the Statement of Comprehensive Net Expenditure (page 105). We do not charge for services and the only income we receive is occasional cost recoveries. All our expenditure is funded by Parliament.

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

We also have a Resource Annually Managed Expenditure (RAME) budget, a Capital Annually Managed Expenditure (CAME) budget and a Capital Departmental Expenditure Limit (CDEL) budget. The CAME and RAME budgets cover 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 2022-23 is summarised in the table below and shown in more detail in the Summary of Resource and Capital Outturn in the Accountability Report on page 93. The actual spend over the past five years, and the budgets agreed in Spending Review 2021 for the next two years, are set out in the table on page 47.

The main factor in the £0.5m (1%) underspend of the RDEL budget was due to depreciation being lower than budgeted due to the timing of asset capitalisations. Shortages of preferred models of IT equipment in the final quarter of the year caused the £0.2m (11%) underspend of the core CDEL budget (which excludes IFRS16 adjustments), the remainder of the underspend is due to the total CDEL budget including estimates for IFRS16 book adjustments. Further information and breakdown of the Right of Use Assets can be found in Note 7 on page 122. The RAME and CAME budgets were set to cover provisions for legal claims and dilapidations respectively. Legal claims are inherently difficult to forecast and value, so we take a cautious approach in budgeting.

### Summary of expenditure in 2022-23

	Budget	Actual	Underspend / (Overspend)	
	£m	£m	£m	%
<b>Departmental Expenditure Limit</b>				
<b>Resource</b>	41.09	40.53	0.56	1%
<b>Capital</b>	14.25	1.86	12.39	87%
<b>Annually Managed Expenditure</b>				
<b>Resource</b>	0.40	0.01	0.39	97%
<b>Capital</b>	0.12	0.07	0.05	42%
<b>Total Resource</b>	41.49	40.54	0.95	2%
<b>Total capital</b>	14.37	1.93	12.44	87%
<b>Total</b>	55.86	42.47	13.39	24%

## Actual spend over past five years and budgeted spend for next two years

Departmental Expenditure Limit	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	£m						
Total resource	27.2	27.1	29.5	32.5	40.5	41.8	42.8
Total capital	1.0	2.1	1.6	1.8	1.9	2.0	2.0
<b>Total</b>	<b>28.2</b>	<b>29.2</b>	<b>31.1</b>	<b>34.3</b>	<b>42.4</b>	<b>43.8</b>	<b>44.8</b>

The capital budgets for 2022-23 onwards shown above exclude the amount allocated for the book entries necessary to adopt IFRS16: Leases which PHSO had incorrectly included in the main estimates. The table above reflects the actual and forecast spend for capital.

## Spending in 2022-23

The Statement of Comprehensive Net Expenditure on page 105 and the related notes to the accounts show the detail of our spending in 2022-23.

Staff costs are the biggest expense, at 77% of the resource budget. Building costs and IT costs together make up a further 12%.

COVID-19 continued to have an impact on our operational activity during 2022-23, and on our spending.

Our response included adding 52 new posts to casework teams and a further 59 outside of casework to deliver our strategy. This is the reason for the increase in staff costs by £5.713m (22%), from £25.446m to £31.159m, and the increase in total operating expenditure by £8.019 (25%), from £40.529m to £32.510m. The extra resources and the prioritisation of the more serious and older cases enabled us to reduce the number of unallocated cases from 2,200 at the end of 2021-22 to 1,050 at the year end.

We continued to invest in the assets needed for hybrid working and collaboration. The £1.86m CDEL 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 118-121 and includes a new HR system and additions to IT infrastructure.

## 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 these proposals were agreed by the Treasury. The resource budget for 2023-24 is £41.8m, an increase of 3% on actual spending in 2022-23, as shown in the table above. We have allocated the extra funding to a transformation programme and to further expanding the casework teams. We continue to prioritise reducing the queue of unallocated cases.

# People and organisation

## Our People Strategy focuses on three key aims:

- a great place to work with an engaged, diverse and inclusive culture, where everyone lives our values and works collaboratively to achieve common goals
- committed to continuous improvement and learning, where colleagues contribute their ideas and feel their voice is heard as we strive to be an exemplary organisation
- a high-performing organisation with a highly skilled and empowered workforce focused on making a positive difference to public services.

We continue to support the strategy with a range of initiatives to promote equality, diversity, inclusion and staff wellbeing.

## Enabling a positive and supportive culture

We run regular surveys to measure how staff feel about working for the organisation and to check progress against the objectives in the People Strategy. In 2022, 78% 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 71% in 2022, which was an increase from 69% in the 2021 survey.

As we 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 2022-23, we supported and developed leaders and managers providing them with the resources and skills to carry out their role effectively in a hybrid working environment.

We continued to deliver the Exemplary Managers for PHSO development programme, focusing this year on introducing performance coaching skills to all line managers.

We have delivered an Authentic Leadership Coaching Programme for the Executive and Senior Leadership Team to develop a culture of trust and empowerment – including one-to-one and group coaching sessions and regular action learning sets to support collaboration and problem solving.

## Developing workforce skills and capability

In 2022-23, we continued to offer a blend of virtual training options and face-to-face workshops. Induction training is face-to-face providing a positive foundation on which to promote the benefits of working at PHSO and opportunities for personal and professional development.

Throughout the year, we delivered 3,855 days of training to staff compared to 2,048 days in 2021-22. This is an average of 6.8 days per person and includes induction, leadership and management, learning labs and casework development.



Within the Training Academy, we have continued to train and develop new caseworkers. This year, we trained 57 new caseworkers in seven cohorts. We delivered a new 'Balancing Evidence' course – available to all caseworkers.

We continued to offer a sector-leading internal accreditation programme to senior caseworkers. This year, a further nine senior caseworkers started the accreditation pathway, and three more gained accreditation. Twenty-six senior caseworkers completed annual continuous professional development activity to maintain accreditation.

In early 2023, we started work on a new programme focusing on the key skills and behaviours all managers need. It will provide an opportunity for them to work together and share experiences, creating a high-performing and consistent approach. We will launch this by autumn 2023.

Following the decision to move to hybrid working, we have continued to offer 'bite-sized' development workshops focusing on agile ways of working. We have introduced more technology-based learning to maximise the use of Office 365 tools, with a particular focus on increasing collaboration.

In the 2022 staff survey, 95% of respondents felt they had the skills needed to do their job effectively, with 77% agreeing 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 their personal development (83%) and career development (81%).

## **Effective resourcing**

The important service we provide was recognised with an increase in budget over the current Spending Review period. This has allowed for a significant increase in staff levels to tackle demand and deliver new strategic aims. A major recruitment campaign began in early 2022 and continued through 2022-23. During the year we recruited 144 employees and engaged a further 26 agency workers. Through a new in-house recruitment system, we have 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 disabled people.

## **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. The Diversity Steering Group oversees progress against the delivery of the strategy and our Diversity Working Group and staff representative groups support all aspects of our aim to be a representative and inclusive organisation.

## **Culture**

PHSO's culture is a key element of the People Strategy. Creating an environment that enables everyone to live our values and work collaboratively, while learning and developing in a high-performing organisation, will lead to a positive service for complainants.

We provide high-quality organisational and personal development to help equip staff to demonstrate and live the values of the organisation, giving them the appropriate tools and skills to perform at their best, while supporting others to do the same.

In the 2022 staff survey, 93% 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

We have a focus on improving diversity, especially in management and leadership roles, by changing the way we attract and recruit and making sure development opportunities encourage diverse progression.

We have continued to report data to the Diversity Steering Group on a biannual basis. This includes:

- recruitment
- current workforce
- leaver demographics
- grievances in relation to bullying or harassment and discrimination
- participation in development programmes, such as apprenticeships and mentoring
- participation in EDI activities.

We have introduced a survey to capture the experience of new employees. Information collated allows us to analyse trends in the data and respond as appropriate. We have also continued to review staff survey results by diversity demographics, making recommendations where appropriate to understand barriers and opportunities.

We are fortunate to have a variety of dedicated employee-led initiatives in place to promote EDI. They include the Pride at PHSO (LGBTQI+) Network, Carers Network and Family Network.

## Access to our service

We aim to understand the needs of complainants from diverse communities to remove barriers to accessing our service.

We continue to provide data on a biannual basis to the Diversity Steering Group on the diversity demographics of complainants, using anonymous information from the complainant feedback survey. This analysis helps us understand who brings complaints to us and representation at each stage of the complaints process. It provides important insight as we focus on achieving our strategic aim to raise awareness of the role of the Ombudsman and ensure accessibility.

## Gender pay gap

All organisations in the United Kingdom with more than 250 employees have been required since April 2017 to publish details of their gender pay gap. Based on the Government's methodology, as at 31 March 2022 we had a mean gender pay gap of 2.3% calculated as the percentage difference between the average hourly salary for men (£22.17) and the average hourly salary for women (£21.66). This includes data relating to a small number of clinicians whose pay we do not set, including NHS consultants who are contracted as Clinical Advisers.

Based only on the employees whose salaries we do set, the gender pay gap is -3.9%. The full gender pay gap data up to 31 March 2022 can be found in our [Pay gap report 2022](#).

# Sustainability report

We are committed to reducing our impact on the environment and are continually looking for more efficient ways of working.

This report has been produced in line with the Sustainability Reporting Guidance 2022-23.

## Mitigating climate change: working towards Net Zero by 2050

We are based in offices in Manchester (31,000 sq. ft.) and London (7,800 sq. ft.) over a combined area of 38,800 sq. ft. The following commitments are in place to offset carbon emissions:

- purchasing recycled non-bleached paper
- recycling food waste in Manchester
- paper, card, bottles and plastics recycled at both sites
- using non-toxic cleaning products
- cycle to work scheme
- investment in PIR (Passive Infrared System) at both sites. This allows lights to be used only when needed and turned off when no people are present. This saves on energy usage.

We have continued to participate in the Smarter Working Project with other Government organisations. We have adopted hybrid working and moved to a 60% work from home model, reducing the need to travel into the office and reducing energy consumption. We increased the size of our workforce by 13% without increasing office space. Analysis of office occupancy rates is ongoing, which will allow for further efficiency savings to be implemented in 2023-24.

## Minimising waste and promoting resource efficiency

Energy usage saw a decline during the COVID-19 pandemic. As colleagues have returned to the office, energy usage has increased in line with occupancy. Energy usage is lower than that of pre-pandemic levels. Hybrid working has allowed for a reduction of usage.

### Electricity usage (kWh)

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.

Travel in 2022-23 was half the pre-pandemic level. We have used technology such as video conferencing, reducing the need to travel. With sites in Manchester and London, we endeavour to use sustainable methods of transport and only travel when necessary.

Non-financial information: emissions (CO <sup>2</sup> /tonnes)	2018-19	2019-20	2020-21	2021-22	2022-23
Scope 1: Direct emissions	n/a	n/a	n/a	n/a	n/a
Scope 2: Indirect emissions	n/a	n/a	n/a	n/a	n/a
Scope 3: Business travel emissions	27	26	1.2	4.0	13
<b>Total emissions</b>	<b>27</b>	<b>26</b>	<b>1.2</b>	<b>4.0</b>	<b>13</b>
Normalised comparison per FTE	0.07	0.06	0.002	0.007	0.021

Non-financial information: energy (Kwh)	2018-19	2019-20	2020-21	2021-22	2022-23
Scope 1: Direct emissions	n/a	n/a	n/a	n/a	n/a
Scope 2: Indirect emissions	130,133*	322,558†	191,733†	353,958	320,342†
Scope 3: Business travel emissions	n/a	n/a	n/a	n/a	n/a
<b>Total emissions</b>	<b>130,133*</b>	<b>322,558†</b>	<b>191,733†</b>	<b>353,958</b>	<b>320,342†</b>
Normalised comparison per FTE	2,606*	828†	426†	643	533†

Financial information (£'000)	2018-19	2019-20	2020-21	2021-22	2022-23
Scope 1: Direct emissions	n/a	n/a	n/a	n/a	n/a
Scope 2: Indirect emissions	23*	70†	28†	64	66†
Scope 3: Business travel emissions	171	140	7	36	126†
<b>Total emissions</b>	<b>194</b>	<b>210</b>	<b>35</b>	<b>100</b>	<b>192†</b>
Normalised comparison per FTE	0.47	0.54	0.07	0.18	0.32

\*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.

### Travel (car or fleet)

Nil return. Not applicable.

### Commitment to remove all consumer single-use plastics (CSUP) – reuse scheme at site

We make the following commitments to remove single-use plastics:

- refilling items used by cleaning contractors
- no plastic cups used in the offices
- plastic bags no longer used for posting out bulk items
- new procurement strategy to include no use of CSUP.

We also use soluble non-toxic chemicals for cleaning.

### Reducing water use

Nil return. Water usage is apportioned and recharged as part of the accommodation service charge across all sites.

### Procuring sustainable products and services

We have continued to work with existing suppliers to reduce the emissions of the goods and services they provide and use technological advances to do the same. Where relevant, sustainable clauses continue to be incorporated into new contracts, which are meeting the Government Buying Standards.

All procurement activity must clearly show 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) is 10% of the technical marking in all tender evaluations. The CCS framework continues to be the standard used to procure services. The framework supports sustainability in line with the Government Buying Standards.

We are developing a Procurement Matrix to allow for sustainability, where relevant, to be increased in technical marking value.

### Nature recovery and biodiversity action planning

Nil return. Not applicable.

### Adapting to climate change

We are committed to reducing our impact on greenhouse gas emissions and thus improving our impact on the environment. We are working towards further increasing staff awareness and continue to regularly measure ourselves against the criteria set out in this report, adjusting our behaviour to make ongoing improvements.

### Reducing environmental impacts and ICT and digital

	2019-20	2020-21	2021-22	2022-23
Paper usage (reams)	2,461	1,018	127	237

We have seen a trend towards using less paper from 2019-20. Although usage increased in 2022-23, this remains ten times lower than pre-pandemic levels.

In 2021-22, we continued to implement new digital tools to reduce waste and CO2 emissions. We moved to Nitro, which allows PDF documents to be edited for notes and downloaded into different formats. Printers also default to black and white and double-sided printing.

As part of PHSO's ICT Digital policy, we removed handsets and replaced them with soft phones on Teams. These ICT upgrades, alongside work from home protocols, have supported the reduction of CO2 emissions.

### Total ICT waste recycled, reused and recovered (externally)

2019-20	2020-21	2021-22	2022-23
No data	No data	No data	894

Figures represent the number of ICT items recycled. We use an ethical organisation that has a mission to drive decarbonisation through sustainable and socially responsible, circular economy business. Accreditation of Tier1 includes ISO 9001, 14001, 27001, 45001, 22301, BS 7858, BS 15713, ADISA and Cyber Essentials Plus. CPNI approved, CAS-S certified.

We will recycle or reuse all ICT waste.

**Waste minimisation and management (metric tonnes)**

Waste management is through our landlords' contracts, apart from confidential paper waste. All offices provide facilities for staff to recycle suitable waste and we encourage staff to recycle.

**Total waste composted (food waste)**

Food waste is through our landlords' contracts. Citygate offices are supplied with separate food waste bins to allow for separated waste.

**Total waste incinerated with energy recovery**

Nil return. Included in service charge at both sites.

**Total waste to landfill**

Nil return. Included in service charge at both sites

**Catering services**

Nil return. No on-site catering facilities.

**Rob Behrens CBE,  
Accounting Officer,  
Ombudsman and Chair  
7 July 2023**



# Accountability report



# The Board



## Chair and Ombudsman

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

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

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## Non-executive members

Throughout 2022-23, 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.



**Polly Curtis** joined the Board on 9 May 2022. She is a journalist, author and media executive, and is currently the Chief Executive of Demos. She has worked as a reporter, news editor, and then digital editor at the Guardian before leading HuffPost UK as Editor-in-Chief. Her interest has always been in how the state's powers impact ordinary people and building media models that

reach those who are often left out of the news conversation and therefore disenfranchised. She served on the Cairncross Review for the future sustainability of high-quality news, has been a visiting fellow at the Reuters Institute for the Study of Journalism and was most recently Managing Director of PA Media, the UK's national news agency.



**Professor Anne Davies** joined the Board on 9 May 2022. She is Professor of Law and Public Policy in the Faculty of Law at the University of Oxford and a Fellow of Brasenose College. Her research interests include employment law and administrative law. She was Dean of the Faculty of Law

from 2015 to 2020 and holds a part-time role as a member of the Advisory Panel to the Welsh Language Commissioner. She has previously served as an independent member of the Council of the Advisory, Conciliation and Arbitration Service (ACAS).



**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 a portfolio career. He is Chair of the

Midlands Engine Health Care and Life Sciences Board, sits on the Greater Lincolnshire LEP Board (where he chairs the Health and Care Strategic Advisory Board), 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 (chairing the Life Science Industry Steering Group). He also chairs the Centre for Organisational Resilience and the International Institute for Rural Healthcare at the University of Lincoln (where he is 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 the Administrative Justice Council. Michael's term ended on 31 March 2023.



**Ram Gidoomal CBE** joined the Board on 1 April 2018. Ram is a businessman and entrepreneur who over three decades has used his business acumen to support the work of numerous public and charitable organisations and global and local missions. He is Chairman of 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, 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. Ram's term ended on 31 March 2023.



**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 was Deputy Chair of East and North Hertfordshire Clinical Commissioning Group

and Chair of the Governance and Audit Committee. She 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. Linda's term ended on 31 March 2023.



**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, has chaired an NHS Integrated Care Trust and held the role of statutory Director of Adult Social Care.

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 helps to drive improved experiences and outcomes through Board roles on the South East London and the Birmingham and Solihull Integrated Care Boards, North Central London Mental Health Trusts and as Chair of Lambeth Adult Safeguarding Board.



**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.

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## 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 was a non-executive director of ABTA, the UK association of travel agents and tour operators, up until November 2022. She remains a member of the Risk Committee. Amanda 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, a statement of accounts is prepared 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:

- apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis.

The Parliamentary and Health Service Ombudsman is the Accounting Officer.

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

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

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

**Rob Behrens CBE**  
**Accounting Officer**  
**Ombudsman and Chair**  
**7 July 2023**



# 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 2022 to 31 March 2023.

## Statutory position

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

## Governance structure

As Parliamentary and Health Service Ombudsman, in statute and by warrant of His 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 2022-23.

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 Operations, Clinical and Legal, and, from January 2023, the Director of Strategy. 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	Reports to PHSO Board	<b>Board role:</b>  collective decision-making on strategic direction and performance  Ombudsman, nine non-executive and two executive members  Met six times in 2022-23
<b>Audit and Risk Assurance Committee</b>  Four non-executive members  Met six times in 2022-23 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		
<b>Quality Committee</b>  Four non-executive members  Met four times in 2022-23	Oversees assurance on the arrangements for assessment of the quality of casework decisions, process and the experience of service users		
<b>Remuneration and Nominations Committee</b>  Three non-executive members  Met once in 2022-23	Agrees pay and performance review arrangements for the Chief Executive and Chief Operating Officer. 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 constituting the total cost of a project.

### Matters considered by the Board in 2022-23 included the following:

- operational and corporate performance
- strategic risk, including regular review of the Strategic Risk Register and approval of the organisation's risk appetite for 2023-24
- progress against the Business Plan and Equality, Diversity and Inclusion Plan
- financial management
- regular reports on the organisation's Transformation Programme
- the independent Ombudsman's Peer Review of PHSO, and approval of the response to the peer review report
- the Ombudsman and Chief Executive's appearance before the Public Administration and Constitutional Affairs Committee
- the operation of the organisation's Expert Advisory Panel
- the process for the appointment of a new Ombudsman for 2023-24
- approval of the Annual Report and Accounts for 2022-23
- approval of the Business Plan and budget for 2023-24
- approval of the revised Governance Framework
- approval of the continuation of the organisation's approach to demand management
- Ombudsman reform.

## 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 (Michael Parsons from 1 May 2023)

#### Highlights of Committee reports

In order to oversee the adequacy of governance and internal controls, in 2022-23 ARAC approved, reviewed or was assured of the following:

- financial management, including financial performance and compliance with the Finance Code and Procurement Code
- the level of financial risk within PHSO's budget position, which is being appropriately managed in the face of inflationary pressures and the uncertain economic position
- information assurance performance and compliance with the General Data Protection Regulation
- value for money (VFM): building on the framework and scorecard agreed in 2021-22, the organisation continued to develop its approach to measuring VFM
- risk management: the Committee discussed the Strategic Risk Register as a regular agenda item in advance of quarterly Board meetings
- assurance reviews: four in-depth examinations of specific areas of activity identified as presenting a potential risk to PHSO, including the organisation's cyber-security arrangements, governance of the Transformation Programme, recruitment and retention, and sustainability
- the scope of the plan and findings of the National Audit Office's (NAO) audit of the organisation's resource accounts
- the procurement of a new internal audit contract from 2023-24, which provides best value for money while fulfilling the organisation's assurance requirements, and the scope of the proposed internal audit plan to ensure that it focused on appropriate risks
- six internal audits produced by internal auditors RSM, four of which recorded substantial assurance, one which reported reasonable assurance, and a follow-up report which found that good progress had been made on implementation of audit recommendations
- compliance with the organisation's internal policies, controls and assurance mechanisms.

To ensure compliance with accounting standards, the Chair of ARAC held a detailed walkthrough of the draft resource accounts, which enabled ARAC 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: scrutinising 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
- casework publishing: the quality target for publishing was met or exceeded throughout the year
- Service Charter review: a report on the Service Charter survey review and setting out proposed further activity.

The Committee also continued to host informal workshop-style sessions open to all non-executive members, including one in November 2022 with guest speaker Dr Rosie Benneyworth, Interim Chief Investigator at the Healthcare Safety Investigation Branch.

## Remuneration and Nominations Committee

**Chair:** Ram Gidoomal CBE

### Highlights of Committee reports

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

- the pay and performance of the Chief Executive and Chief Operating Officer
- the fair and open recruitment process leading to the appointment of two new non-executive Board members, who joined the organisation in May 2022.

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

Table of attendance of executives and non-executive Board members at meetings where they are members.

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	6 April 2017	5 April 2024	5 out of 6	N/A	N/A	N/A
<b>Non-executive Board members</b>						
Sir Alex Allan <sup>1</sup>	2 January 2018 (2 January 2021)	1 January 2025	6 out of 6 (Chair)	N/A	1 out of 1 (Chair)	4 out of 4
Polly Curtis	9 May 2022	8 May 2025	5 out of 5	N/A	N/A	3 out of 3
Anne Davies	9 May 2022	8 May 2025	5 out of 5	N/A	N/A	3 out of 3
Elisabeth Davies	16 May 2016 (15 May 2018)	14 May 2022	N/A	N/A	N/A	N/A
Linda Farrant	1 February 2020 (1 February 2023)	31 March 2023	6 out of 6	6 out of 6 (Chair)	1 out of 1	N/A
Dean Fathers <sup>2</sup>	2 January 2018 (2 January 2021)	1 January 2025	6 out of 6	N/A	N/A	4 out of 4 (Chair)
Ram Gidoomal	1 April 2018 (1 April 2021)	31 March 2023	6 out of 6	5 out of 6	1 out of 1	N/A

<sup>1</sup> Term of office extended by 12 months to 1 January 2025, to support the transition to a new Ombudsman and CEO.

<sup>2</sup> Term of office extended by 12 months to 1 January 2025, to support the transition to a new Ombudsman and CEO.

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)
Michael King	11 January 2017	31 March 2023	4 out of 6	N/A	N/A	N/A
Anu Singh	13 April 2020 (13 April 2023)	12 April 2026	6 out of 6	4 out of 6	N/A	N/A
Amerdeep Somal	1 July 2021	30 June 2024	4 out of 6	4 out of 6	N/A	N/A
<b>Executive members</b>						
Amanda Amroliwala (Chief Executive)	1 October 2016	N/A	6 out of 6	N/A	N/A	N/A
Gill Kilpatrick (Chief Operating Officer)	1 May 2015	N/A	6 out of 6	N/A	N/A	N/A

## The effectiveness of the Board and its committees

Two new Board members began their terms in 2022-23 and the recruitment of two new Board members began in February 2023.

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 is undertaken at least every three years. PHSO complies with best practice, with an independent review commissioned in 2021-22. In 2022-23, for reasons of proportionality, we conducted the Board effectiveness review in-house. This consisted of written feedback or in-depth interviews with executive and non-executive Board members, to consider how the Board and its committees are performing and the actions required to improve their impact. As part of this, the Board committees undertook their own effectiveness reviews, to which various stakeholders contributed, including the NAO, the Ombudsman and the Executive Team, all of which fed into the overall Board review.

The findings of the review were presented to the Board in June 2023 and confirmed that the Board functions well, with a collegiate atmosphere supporting constructive challenge and scrutiny. Board members commented that Board papers are consistently of high quality and thorough in their analysis, and that the information provided to the Board is considered at the right level and volume.

Each non-executive member of the Board and the Chief Executive receives an annual competency-based appraisal of their performance, undertaken by the Ombudsman. The Chief Operating Officer receives an annual competency-based appraisal of their performance undertaken by the Chief Executive. 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
- a 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 2022-23, 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.

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.

The risks we managed during the year are set out on page 45.

## 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.

In 2022-23, RSM was our internal auditor. The internal audits they conducted during the year have provided assurance on governance, financial and risk management arrangements.

In 2022-23, 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 2022-23. The ongoing challenges faced by the health service and Government departments have meant that some organisations we investigate have had less capacity to respond to our queries. At the same time, demand for our service has increased due to these pressures.

We have continued to take a flexible approach to working with organisations we are investigating and have targeted resources to meet changes in demand and reduce the queue of cases waiting to be considered. In 2022-23 we have reduced the number of complaints waiting to be considered from 2,200 to 1,050, and are on track to return to frictional levels in 2023-24.

We have also introduced changes to the way we work, following the mandated periods of homeworking in 2021-22. In January 2023, after a pilot period of nearly a year, we launched a new hybrid working framework, which applies to all staff. The purpose of the new framework is to capitalise on the benefits brought by increased homeworking, while still maintaining the advantages of being together in an office on a regular basis. The framework therefore enables colleagues to work remotely up to 60% of their time over a four-week period, with a minimum 40% spent in one of our offices. We will continue to keep this under review to ensure the framework supports the delivery of exemplary services for service users, while enabling the recruitment and retention of staff.

## Personal data-related incidents

The Director of Strategy 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](#) on our website.

Data security incidents are reported to the Data Security and Privacy Team who manage them in accordance with data protection legislation and best practice. 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. There were no significant incidents requiring reporting to the Information Commissioner's Office (ICO) in 2022-23 as required by the General Data Protection Regulation (UK GDPR) 2018.

## Governance compliance

The Board monitors compliance with the Governance Framework, which is based on the principles of good governance as detailed in the relevant sections of '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 2022-23 the assurance reviews included cyber security, recruitment and resourcing, environmental sustainability, and Transformation Programme governance.

The Committee also considers compliance with the Finance and Procurement Codes quarterly. In 2022-23 the Committee noted two instances where services were commissioned without following the procedures in the Procurement Code. In both cases the Committee was satisfied that the procurement was appropriate.

A report on compliance with all aspects of the Governance Framework is scrutinised annually by the Audit and Risk Assurance Committee. In 2022-23 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 2022-23 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 £40. The [register](#) is published on the 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 auditor for 2022-23, undertook five internal audits that were considered by the Audit and Risk Assurance Committee:**

1. budgeting, forecasting and business planning
2. recruitment, retention and performance management
3. Transformation Programme
4. Quality Framework
5. follow up (implementation of audit recommendations).

Four of the five 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. The audit of recruitment, retention and performance management found that PHSO can take reasonable assurance that controls are suitably designed, consistently applied and effective. However, the auditors identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified area.

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

The follow-up review of audit recommendations from 2022-23 found that PHSO had demonstrated good progress in implementing agreed management actions.

## 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 2022-23 which is that PHSO has an adequate and effective framework for risk management, governance and internal controls (green).

## 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 2023-24 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**  
**7 July 2023**



## 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)

	2022-23				
	Salary (bands of £5,000)	Annual leave sold (bands of £5,000)	Non-consolidated pay (bands of £5,000)	Pension benefits (to the nearest £1,000)	Total remuneration (bands of £5,000)
	£000	£000	£000	£000	£000
Rob Behrens CBE	170-175		-	-	170-175
Amanda Amroliwala CBE	170-175	5-10	10-15	-	190-195
Gill Kilpatrick	135-140		5-10	-	145-150
	2021-22				
	Salary (bands of £5,000)	Non-consolidated pay (bands of £5,000)	Pension benefits (to the nearest £1,000)	Total remuneration (bands of £5,000)	
	£000	£000	£000	£000	
Rob Behrens CBE	170-175	-	-	170-175	
Amanda Amroliwala CBE	165-170	-	6	170-175	
Gill Kilpatrick	125-130	-	-	125-130	

No non-consolidated payments or salary increases were accrued for 2020-21 and none were paid in 2021-22. Amanda Amroliwala sold annual leave during this period.

Rob Behrens and Gill Kilpatrick have waived their entitlement to pension benefits. Amanda Amroliwala waived her entitlement to pension benefits from 1 August 2021.

Amanda Amroliwala's changes in pension entitlement during the 2021-22 year were as follows.

	Accrued pension and related lump sum at pension age 31 March 2022	Real increase in pension and related lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	Real increase in CETV
	£000	£000	£000	£000	£000
Amanda Amroliwala CBE	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)

	2022-23	2021-22
	Salary (bands of £5,000) £000	Salary (bands of £5,000) £000
Sir Alex Allan KCB	10-15	10-15
Elisabeth Davies (term ended 31 March 2022)	NIL	10-15
Linda Farrant (term ended 31 March 2023)	10-15	10-15
Dean Fathers DL	10-15	10-15
Ram Gidoomal CBE (term ended 31 March 2023)	10-15	10-15
Carolyn Hirst (term ended 31 March 2022)	NIL	10-15
Michael King (term ended 31 March 2023)	-	-
Anu Singh	10-15	10-15
Amerdeep Somal	10-15	5-10 (FYE 10-15)
Polly Curtis (from 9 May 2022)	10-15 (FYE 10-15)	-
Anne Davies (from 9 May 2022)	10-15 (FYE 10-15)	-

Michael King is the Local Government Ombudsman and sat as a member of the PHSO Board ex-officio. He did not receive any remuneration from 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 pages 68 and 69.

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)

	2022-23				2021-22
	Permanently employed staff  £000	Fixed-term contracts  £000	Agency staff  £000	Total  £000	Total  £000
Wages and salaries	21,711	633	1,284	23,628	19,450
Social security costs	2,454	74	-	2,528	1,940
Other pension costs	5,572	163	-	5,735	4,595
Less capitalised salary costs	(683)	-	(244)	(927)	(733)
<b>Subtotal</b>	<b>29,054</b>	<b>870</b>	<b>1,040</b>	<b>30,964</b>	<b>25,252</b>
Ombudsman's salary and on-costs	195	-	-	195	194
<b>Total staff costs</b>	<b>29,249</b>	<b>870</b>	<b>1,040</b>	<b>31,159</b>	<b>25,446</b>

## Staff numbers and diversity at 31 March

At the end of March 2023, we employed 557.2 full-time equivalents (FTEs) excluding agency staff and non-executive Board members.

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

	31 March 2023			31 March 2022
Grade	Female	Male	Total	Total
0 (Chief Executive and Chief Operating Officer)	2	0	2	2
1 (Directors)	1	1	2	5
2 (Assistant Directors)	11	5	16	13
<b>Total</b>	<b>14</b>	<b>6</b>	<b>20</b>	<b>20</b>

### Average number of persons employed during the year (audited)

	2022-23	2021-22
Permanent employees	549	477
Fixed-term contract employees	18	10
<b>Total</b>	<b>567</b>	<b>487</b>

## 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 2023	31 March 2022	Population benchmark (where available)
<b>The Board (12 members at 31 March 2023; 12 members at 31 March 2022).</b>			
Female	58%	58%	51%
Asian, Black, Mixed Ethnicity and Other Ethnic Group	25%	25%	18%
Disabled	0%	0%	N/A
Lesbian, gay, bisexual and transgender	8%	0%	N/A
Aged 50+	75%	83%	31%
<b>Other employees</b>			
Female	59%	59%	51%
Asian, Black, Mixed Ethnicity and Other Ethnic Group	17%	17%	18%
Disabled	13%	11%	N/A
Lesbian, gay, bisexual and transgender	12%	9%	3%
Part-time	14%	15%	N/A
Aged 50+	20%	20%	31%

The population benchmarks for the percentages of female colleagues, colleagues from Asian, Black, Mixed Ethnicity and Other Ethnic Groups, and colleagues aged 50 or older are from the working age 16-64 age grouping in the 2021 Census for England and Wales. The population benchmark for lesbian, gay, bisexual and transgender is for the population aged 16 and over in the 2021 Census for England and Wales.

## 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 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 both the average salary and the average performance pay of all employees excluding the highest-paid director.

	2022-23 £	2021-22 £	Percentage change %
Highest-paid director: salary (bands of £5,000)	170,000-175,000	165,000-170,000	4.8%
Highest-paid director: non-consolidated performance pay (bands of £5,000)	10,000 - 15,000	Nil paid in 2021-22	N/A
Highest-paid director: total remuneration (bands of £5,000)	190,000 - 195,000*	165,000-170,000	12.8%
Average remuneration excluding the highest-paid director: salary	42,274	40,724	4%
75th percentile remuneration	48,451	46,232	5%
Median remuneration	35,314	33,697	5%
25th percentile remuneration	32,815	30,471	8%
Ratio highest-paid to 75th percentile remuneration	3.9:1	3.6:1	N/A
Ratio highest-paid to median remuneration	5.3:1	5.0:1	N/A
Ratio highest paid to 25th percentile remuneration	5.7:1	5.5:1	N/A

\*In line with elements to be included in Fair Pay Disclosure data. This includes annual leave sold. This is a benefit which was offered to all employees and has not been factored in any of the above calculations.

Although the Ombudsman's salary cost is borne by 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 76.

The ratios of the total remuneration of the highest-paid director to the 75th percentile, median and 25th percentile remuneration have all risen in 2022-23 compared to 2021-22, mainly due to a performance payment paid to the highest-paid director.

Average, 75th percentile and 25th percentile remuneration have all increased compared to 2021-22 due to a number of factors, including:

- an annual across-the-board cost of living increment of 4.8%
- recruitment campaigns focused on growth, with 144 new employees joining and the majority entering at the bottom of the pay band
- a number of new hires with specialist skills joining the workforce on spot salaries
- 14% of staff benefitting from a pay award having completed their probation and 31% receiving an additional pay increment (min of 3%). These are in addition to the 4.8% cost of living increment.

## Staff turnover

The attrition rate (turnover of permanent staff) in 2022-23 was 12%, compared to 11% in 2021-22 and to wider public sector attrition which is currently reported as 19%. Staff turnover, including those on fixed-term contracts, remained at 16% in 2022-23. In common with many other UK employers, we have continued to experience higher staff turnover in 2022-23 due to the labour market shortages experienced throughout most of 2022-23.

## Health and safety

There were no reportable health and safety at work incidents in 2022-23 under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

## Sickness absence

The average number of sick days in 2022-23 significantly decreased to 8.66 days per full-time equivalent (FTE) employee, from 10.2 days in 2021-22.



## 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 2022-23. All the individuals who fall within these arrangements were employed on an ad hoc basis to provide specialist skills and were recruited through a robust recruitment process.

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 2023	4
Of which:	
Number that have existed for less than one year at time of reporting	1
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	-
Number that have existed for between three and four years at time of reporting	3
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 2023	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 2022-23 or 2021-22 due to industrial action or other employee relations disputes.

## Consultancy

Spending on consultancy was £588k in 2022-23 (2021-22: £22k).

## Pensions

For 2022-23, contributions of £6.873m were payable to the Principal Civil Service Pension Scheme (PCSPS) (2021-22: £5.486m) 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 2022-23 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 £56k (2020-21: £67k) 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 (2021-22: £8k).

## Exit packages (audited)

There were four exit packages in 2022-23 (2021-22: six). None of those were compulsory redundancies.

	2022-23	2021-22
Exit package band	Total number of exit packages by cost band	Total number of exit packages by cost band
< £10,000	4	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	4	6
<b>Total (£000)</b>	<b>£12</b>	<b>£173</b>

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

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

## 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 2021-22 or 2022-23.

### 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](http://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 ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and thirteen 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 PCS or alpha, as appropriate. Where the official has benefits in both the PCS 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 them buying additional pension benefits at their own cost.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023. This guidance will be used in the calculation of 2023-24 CETV figures.

## 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**  
**7 July 2023**



# Parliamentary Accountability and Audit Report 2022-23

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](http://www.gov.uk), to enable comparability between what Parliament approves and the final outturn.

The SOPS contain a summary table, detailing performance against the control limits that Parliament 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 46, 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](http://www.gov.uk).

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognized 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 2022-23

2022-23										2021-22
Estimate										Outturn
Outturn										
Voted outturn compared to Estimate: saving/ (excess) £000										Total outturn compared to Estimate: saving/ (excess) £000
SoPS Note										Outturn £000
Voted £000										
Non- Voted £000										
Total £000										
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Capital Estimate includes the IFRS16 transition adjustment, whilst the Outturn prepared in accordance with Consolidated Budgeting guidance excludes it.

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

## Net Cash Requirement 2022-23

2022-23					2021-22
	SoPS Note	Estimate £000	Outturn £000	Outturn compared to Estimate: saving/ (excess) £000	Outturn £000
<b>Net Cash Requirement</b>	<b>3</b>	<b>40,643</b>	<b>39,187</b>	<b>1,456</b>	<b>32,781</b>

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 Outturn against Parliamentary Supply (SoPS)

### SoPS 1 Outturn detail, by Estimate line

#### SoPS 1.1 Analysis of resource outturn by Estimate line

		2022-23					2021-22
		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		40,379	(42)	40,337	40,885	548	32,234
Of which							
A	Administration	40,379	(42)	40,337	40,885	548	32,234
Non-voted expenditure		195	-	195	208	13	194
Of which							
B	Ombudsman's salary and social security	195	-	195	208	13	194
Total		40,574	(42)	40,532	41,093	561	32,428
Spending in Resource Annually Managed Expenditure (RAME)							
Voted expenditure		11	-	11	402	391	71
Of which							
C	Use of Provisions	11	-	11	402	391	71
Total		40,585	(42)	40,543	41,495	952	32,499

There were no virements.

## SoPS 1.2. Analysis of capital outturn by Estimate line

	2022-23					2021-22
	Outturn			Estimate	Net Total compared with Estimate	Outturn total £000
	Gross £000	Income £000	Net £000	Net total £000	£000	
<b>Spending in Capital Departmental Expenditure Limit (CDEL)</b>						
<b>Voted expenditure</b>	<b>1,858</b>	<b>-</b>	<b>1,858</b>	<b>14,248</b>	<b>12,390</b>	<b>1,778</b>
<i>Of which</i>						
<b>Programme</b>	1,858	-	1,858	14,248	12,390	1,778
<b>Spending in Capital Annually Managed Expenditure (CAME)</b>						
<b>Voted expenditure</b>	66	-	66	120	54	-
<i>Of which</i>						
Use of Provisions	66	-	66	120	54	-
<b>Total</b>	<b>1,924</b>	<b>-</b>	<b>1,924</b>	<b>14,368</b>	<b>12,444</b>	<b>1,778</b>

Capital Estimate includes the IFRS16 transition adjustment, whilst the Outturn prepared in accordance with Consolidated Budgeting guidance excludes it.

## 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
<b>Resource Outturn</b>	SoPS1.1	41,495	40,543	952
<b>Capital Outturn</b>	SoPS1.2	14,368	1,924	12,444
<b>Accruals to cash adjustments:</b>				
<i>Adjustment to remove non-cash items:</i>				
Depreciation, Amortisation and Impairments	5,6,7	(2,979)	(2,809)	(170)
New provisions and adjustments to previous provisions	12	(522)	(104)	(418)
Other non-cash items	3	-	(62)	62
<i>Adjustments to reflect movements in working balances</i>				
Increase/(decrease) in receivables	9	-	(103)	103
(Increase)/decrease in payables	10,11	(11,511)	(834)	(10,677)
Repayments of lease liabilities	11	-	800	(800)
Use of provisions	12	-	27	(27)
		<b>40,851</b>	<b>39,382</b>	<b>1,469</b>
<b>Removal of non-voted budget items:</b>				
Consolidated Fund	SoPS1.1	(208)	(195)	(13)
<b>Net Cash Requirement</b>		<b>40,643</b>	<b>39,187</b>	<b>1,456</b>

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

## Parliamentary Accountability Disclosures (audited)

### Regularity

There were no irregularities during 2022-23 (nil 2021-22).

### Losses and special payments

	2022-23		2021-22	
	No. of cases	£000	No. of cases	£000
Administrative write offs	37	265	38	4
Special Payments	16	32	26	35
<b>Total</b>	<b>53</b>	<b>297</b>	<b>64</b>	<b>39</b>

There were no fruitless payments incurred either in 2022-23 or 2021-22. Administrative write offs relate mainly to disposals of assets that could not be used for any other purpose and were not cost effective to resell. Special payments include compensation payments to people who complained to us about poor service they received from PHSO, as well as two legal remedies. As described on page 42, in 2022-23 we made 14 compensation payments which came to a total of £5,890.

### Fees and charges

PHSO has not received any income related to fees and charges in 2022-23 (nil 2021-22).

### Remote contingent liabilities

There are no remote contingent liabilities as at 31 March 2023 (nil 31 March 2022).

There were no contingent assets or liabilities as at 31 March 2023 (nil 31 March 2022).

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

**Rob Behrens CBE**  
**Accounting Officer,**  
**Ombudsman and Chair**  
**7 July 2023**



# Independent Auditor's report to the Board of the Parliamentary and Health Service Ombudsman and 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 2023.

The financial statements comprise the Parliamentary and Health Service Ombudsman's

- Statement of Financial Position as at 31 March 2023;
- 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 2023 and its net 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 2023 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 and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 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 require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Other Information

The other information comprises the 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.

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 Government 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; and
- the information given in the Accountability and Performance 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 Services Ombudsman and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- Adequate accounting records have not been kept by the Parliamentary and Health Services Ombudsman or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Parliamentary and Health Service Ombudsman from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury's Government Financial Reporting Manual; 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 express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

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, I:

- considered the nature of the sector, control environment and operational performance including the design of the Parliamentary and Health Service Ombudsman's accounting policies;
- inquired 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 on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of 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 the Parliamentary and Health Service Ombudsman's compliance with the Parliamentary Commissioners Act 1967, the Health Services Commissioners Act 1993, and Managing Public Money;
- inquired of management, the Parliamentary and Health Service Ombudsman's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with 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 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 obtained an understanding of the Parliamentary and Health Service Ombudsman's framework of authority and other legal and regulatory frameworks in which the Parliamentary and Health Service Ombudsman operates. I focused 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 the Parliamentary and Health Service Ombudsman's compliance with the Parliamentary Commissioners Act 1967, the Health Services Commissioners Act 1993, Managing Public Money, Supply and Appropriate (Main Estimates) Act 2022, employment law and tax Legislation.

## **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

**Date: 12 July 2023**

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 2023

		2022-23	2021-22
	Note	£000	£000
<b>Operating income</b>	4	42	11
<b>Operating expenditure</b>			
Staff costs	3	31,159	25,446
Purchase of goods and services	3	6,523	5,661
Depreciation impairment charges & adjustments	3	2,809	1,297
Provision expense	12	38	106
<b>Total operating expenditure</b>		<b>40,529</b>	<b>32,510</b>
<b>Net operating expenditure</b>		<b>40,487</b>	<b>32,499</b>
Finance costs	11	56	-
<b>Net Expenditure for the year</b>		<b>40,543</b>	<b>32,499</b>
Other comprehensive expenditure		-	-
<b>Comprehensive net expenditure</b>		<b>40,543</b>	<b>32,499</b>

The notes on pages 109 to 129 form part of these accounts.



## Statement of Financial Position as at 31 March 2023

		31 March 2023	31 March 2022 (Restated)
	Note	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	5	2,033	2,095
Intangible assets	6	2,922	2,962
Right of use assets	7	6,987	-
<b>Total non-current assets</b>		<b>11,942</b>	<b>5,057</b>
<b>Current assets</b>			
Trade and other receivables	9	883	986
Cash at bank	8	189	135
<b>Total current assets</b>		<b>1,072</b>	<b>1,121</b>
<b>Total assets</b>		<b>13,014</b>	<b>6,178</b>
<b>Current liabilities</b>			
Trade and other payables	10	(3,602)	(2,803)
Provisions	12	(219)	(88)
Lease liability	11	(760)	-
<b>Total current liabilities</b>		<b>(4,581)</b>	<b>(2,891)</b>
<b>Total assets less current liabilities</b>		<b>8,433</b>	<b>3,287</b>
<b>Non-current liabilities</b>			
Trade and other payables	10	-	(416)
Provisions	12	(706)	(760)
Lease liability	11	(6,715)	-
<b>Total non-current liabilities</b>		<b>(7,421)</b>	<b>(1,176)</b>
<b>Total assets less total liabilities</b>		<b>1,012</b>	<b>2,111</b>
<b>Taxpayers' equity and other reserves</b>			
General Fund		1,012	2,111
<b>Total equity</b>		<b>1,012</b>	<b>2,111</b>

The Statement of Financial Position as at 31 March 2022 has been restated to reclassify credit loss provisions from Provisions to Trade and other receivables. There is no impact on Total assets less total liabilities and Total equity.

The notes of pages 109 to 129 form part of these accounts.

**Rob Behren CBE**  
Accounting Officer,  
Ombudsman and Chair  
7 July 2023



## Statement of Cash Flows for the year ended 31 March 2023

		2022-23	2021-22
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net expenditure for the year	2	(40,543)	(32,499)
Adjustments for non-cash transactions	3	2,909	1,462
Decrease/(Increase) in trade and other receivables	9	103	(203)
Increase/(decrease) in trade payables	10	383	(50)
Movements in payables/receivables relating to items not passing through the Statement of Comprehensive Net Expenditure	7, 10	451	128
Use of provisions	12	(27)	(35)
<b>Net cash outflow from operating activities</b>		<b>(36,724)</b>	<b>(31,197)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(863)	(396)
Purchase of intangible assets	6	(995)	(1,382)
<b>Net cash outflow from investing activities</b>		<b>(1,858)</b>	<b>(1,778)</b>
<b>Cash flows from financing activities</b>			
From the Consolidated Fund (Supply): current year		39,241	32,653
From the Consolidated Fund (Non-Supply)	3	195	194
Capital element in respect of lease payments	11	(800)	-
<b>Net cash flows from financing activities</b>		<b>38,636</b>	<b>32,847</b>
<b>Net increase/(decrease) in cash in the period before adjustment for receipts and payments to the Consolidated Fund</b>		<b>54</b>	<b>(128)</b>
Payments of amounts due to the Consolidated Fund		-	-
<b>Net increase/(decrease) in cash in the period after adjustment for receipts and payments to the Consolidated Fund</b>		<b>54</b>	<b>(128)</b>
<b>Cash at the beginning of the period</b>	8	<b>135</b>	<b>263</b>
<b>Cash at the end of the period</b>	8	<b>189</b>	<b>135</b>

The notes of pages 109 to 129 form part of these accounts.

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023

	Note	Taxpayers' Equity £000
<b>Balance at 31 March 2021</b>		<b>1,576</b>
Net Parliamentary Funding – drawn down		32,653
Net Parliamentary Funding – deemed		263
Consolidated Fund Standing Services	3	194
Supply Payable Adjustment	10	(135)
Comprehensive net expenditure for the year	2	(32,499)
Auditor's remuneration	3	59
<b>Balance at 31 March 2022</b>		<b>2,111</b>
Net Parliamentary Funding – drawn down		39,241
Net Parliamentary Funding – deemed		135
Consolidated Fund Standing Services	3	195
Supply Payable Adjustment	10	(189)
Comprehensive net expenditure for the year	2	(40,543)
Auditor's remuneration	3	62
<b>Balance at 31 March 2023</b>		<b>1,012</b>

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 2022-23 issued by HM Treasury (FrM), for use within Central Government. Where the FrM 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.

IFRS 16 has been adopted from 1 April 2022 as a change in Accounting Policy (Note 1.9 Leases). Except for the changes from implementation of IFRS 16, the accounting policies have been applied consistently to all periods presented in these financial statements.

### 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 into 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 2022-23, 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 and Amortisation

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 right of use assets, 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

PHSO has applied IFRS 16 for the first time with an initial application date of 1 April 2022. On transition, a number of the current operating leases have been brought onto the Statement of Financial Position as Right of Use assets.

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.

Leases which have a remaining life of less than 12 months or are for low value items are accounted for in the statement of comprehensive net expenditure.

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. As the adjustments to recognise a right of use asset and lease liability, and reclassify the rent-free accrual all occurred within the Statement of Financial Position, there is no adjustment to the Statement of Changes in Taxpayers Equity.

HM Treasury has withdrawn the option to reassess whether a contract is, or contains, a lease at the date of initial application. PHSO have therefore initially applied IFRS 16 to any contracts previously identified as a lease, or containing a lease, under IAS 17 and did not apply IFRS 16 to any contracts not previously identified as such.

In Manchester, PHSO leases four 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. 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.

PHSO recognises a right-of-use asset and the corresponding lease liability at the lease commencement date.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is measured at amortised cost using the modified retrospective method using the prescribed discount rate provided by HM Treasury. It is remeasured when there is a change in future lease payments arising from a change in rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments
- variable lease payments that depend on a change in rate

Within the variable lease payment element, there is an estimation to the increase in rent as a result of future market rent reviews.

Right of use assets and lease liabilities are presented in the statement of financial position.

The standard requires a reconciliation to explain the movements from operating lease commitments disclosed at 31 March 2022 (applying IAS 17) to the liabilities under IFRS 16 as at 1 April 2022, which is as follows:

	£000
Building operating lease commitments reported at 31 March 2022	9,390
Impact of VAT on leases on transition to IFRS 16	(1,565)
Discounting of future cash flows	(426)
Impact of anticipated rental increase for IFRS 16 not included under lease commitments	876
Lease liability recognised at the date of initial application	8,275
Rent free accrual offset against capitalised value per IFRS 16	(505)
Right of use asset capitalisation	7,770

## 1.10 Accounting estimates

Significant accounting estimates have been made in relation to provisions. No other significant accounting estimates or judgments have been made in preparing these accounts.

## 1.11 Provisions

Dilapidations have been reviewed and provision made based on estimated costs provided by external professional property advisors in 2020-21 and 2022-23 and uplifted for inflation in line with CPIH. The increase in the dilapidations provision has been capitalised according to IFRS 16 (Note 7).

Provisions in respect of Legal Costs have been included and are the best estimates of the potential liabilities. These costs have been accounted for in the statement of comprehensive net expenditure.

In accordance with IAS 37, provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the obligation will be settled and a reliable estimate can be made of the amount of the obligation.

## 1.12 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 2023-24 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.

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

IFRS 17- Insurance contracts: This standard replaces IFRS 4 and will be adopted into the FReM on 1 April 2025, into the FReM on 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 2022-23.

## 2. Statement of Operating Costs by Operating Segment

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

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

- **Operations, legal and clinical:** responsible for the delivery of casework and customer service, all legal and clinical advice, and for leading the implementation of PHSO objectives around better use of data.
- **Strategy:** 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:

	2022-23			
	Operations, Legal and Clinical £000	Strategy £000	Corporate Services £000	Total £000
Staff costs	21,067	3,687	6,405	31,159
Other employee expenditure	71	97	145	313
External casework costs	601	10	-	611
Other professional advice	107	275	722	1,104
Research, media and publications	6	329	14	349
Accommodation costs	-	-	2,117	2,117
IT & telecommunications	-	51	2,890	2,941
Recruitment	-	-	786	786
External learning and staff development	-	-	593	593
Other central overheads	-	-	531	531
Provisions	-	-	11	11
Early departure costs	7	-	6	13
Finance costs	-	-	56	56
Income	-	-	(41)	(41)
<b>Net expenditure for the year</b>	<b>21,859</b>	<b>4,449</b>	<b>14,235</b>	<b>40,543</b>

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

	2021-22 (Restated)			
	Operations, Legal and Clinical £000	Strategy £000	Corporate Services £000	Total £000
Staff costs	17,338	2,334	5,774	25,446
Other employee expenditure	30	17	68	115
External casework costs	303	-	116	419
Other professional advice	113	14	271	398
Research, media and publications	3	208	1	212
Accommodation costs	-	-	2,266	2,266
IT & telecommunications	-	32	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
Finance costs	-	-	-	-
Income	(11)	-	-	(11)
<b>Net expenditure for the year</b>	<b>17,776</b>	<b>2,605</b>	<b>12,118</b>	<b>32,499</b>

During 2022-23 PHSO restructured its operating model. The main change was to combine the Operations, Legal and Clinical departments into one directorate and minor changes between Strategy and Corporate Services. We have restated the 2021-22 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

		2022-23	2021-22
	Note	£000	£000
<b>Cash items</b>			
Wages and salaries		23,628	19,450
Less: capitalised staff costs		(927)	(733)
Social security costs		2,528	1,940
Other pension costs		5,735	4,595
Ombudsman's salary and social security		195	194
Staff costs		31,159	25,446
Early departure costs		13	173
Information and communications technology		1,587	1,396
Goods & services (including Finance Costs)		3,904	2,019
Accommodation costs		868	1,044
Accommodation lease costs		145	970
Purchases of goods and services		6,517	5,602
<b>Total cash items</b>		<b>37,676</b>	<b>31,048</b>
<b>Non-cash items</b>			
Auditor's remuneration		62	59
		62	59
Depreciation and amortisation of non-current assets:			
Property, plant and equipment	5	756	675
Intangible assets	6	939	622
Right of use assets	7	849	-
Loss on disposal	5,6	265	-
Depreciation impairment charges and adjustments		2,809	1,297
Provisions:			
Provided in year	12	99	174
Provisions not required written back	12	(61)	(68)
Provision expense		38	106
<b>Total non-cash items</b>		<b>2,909</b>	<b>1,462</b>
<b>Total</b>		<b>40,585</b>	<b>32,510</b>

Auditors have received no remuneration for non-audit work.

## Staff related costs

	2022-23				2021-22
	Permanently employed staff £000	Fixed term contracts £000	Agency staff £000	Total £000	Total £000
Wages and salaries	21,711	633	1,284	23,628	19,450
Social security costs	2,454	74	-	2,528	1,940
Other pension costs	5,572	163	-	5,735	4,595
Less capitalised salary costs	(683)	-	(244)	(927)	(733)
Sub total	29,054	870	1,040	30,964	25,252
Ombudsman's salary and social security	195	-	-	195	194
Total gross costs	29,249	870	1,040	31,159	25,446

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

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

For 2022-23, contributions of £6.873m were payable to the Principal Civil Service Pension Scheme (PCSPS) (2021-22: £5.486m) 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 2022-23 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 £56k (2021-22: £67k) 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 (2021-22: £8k).

## 4. Income

		2022-23	2021-22
	Note	£000	£000
Recoveries in respect of legal fees		1	11
Recoveries in respect of office space		41	-
<b>Total</b>		<b>42</b>	<b>11</b>

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

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

## 5. Property, plant and equipment

2022-23	Furniture and fittings £000	Information technology £000	Office machinery £000	Buildings £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2022	727	1,946	72	1,056	(2)	<b>3,799</b>
Additions	12	-	-	-	851	<b>863</b>
Disposals	(2)	(687)	(8)	-	-	<b>(697)</b>
Transfers	59	172	-	-	(231)	-
<b>At 31 March 2023</b>	<b>796</b>	<b>1,431</b>	<b>64</b>	<b>1,056</b>	<b>618</b>	<b>3,965</b>
<b>Depreciation</b>						
At 1 April 2022	406	876	39	383	-	<b>1,704</b>
Charged in year	137	500	13	106	-	<b>756</b>
Disposals	(2)	(518)	(8)	-	-	<b>(528)</b>
Transfers	-	-	-	-	-	-
<b>At 31 March 2023</b>	<b>541</b>	<b>858</b>	<b>44</b>	<b>489</b>	<b>-</b>	<b>1,932</b>
<b>Carrying amount as at 31 March 2023</b>	<b>255</b>	<b>573</b>	<b>20</b>	<b>567</b>	<b>618</b>	<b>2,033</b>
Carrying amount as at 31 March 2022	321	1,070	33	673	(2)	2,095

All property, plant and equipment held at 31 March 2023 is owned. There are no assets held under PFI contracts. PHSO holds no third-party assets.

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

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

## 6. Intangible assets

Intangible assets are purchased software licences and the associated implementation costs comprising mostly of staffing costs for ICT projects currently being implemented.

2022-23	Software £000	Assets under construction £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2022	4,042	1,437	5,479
Additions	-	995	995
Transfers	1,538	(1,538)	-
Disposals	(725)	-	(725)
<b>At 31 March 2023</b>	<b>4,855</b>	<b>894</b>	<b>5,749</b>
<b>Amortisation</b>			
At 1 April 2022	2,517	-	2,517
Charged in year	939	-	939
Disposals	(629)	-	(629)
<b>At 31 March 2023</b>	<b>2,827</b>	<b>-</b>	<b>2,827</b>
Net book value:			
<b>Carrying amount as at 31 March 2023</b>	<b>2,028</b>	<b>894</b>	<b>2,922</b>
Carrying amount as at 31 March 2022	1,525	1,437	2,962

## 6. Intangible assets (continued)

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

All intangible assets held at 31 March 2023 are owned.

## 7. Right of use assets

Right-of-use assets represent the right to direct the use of an underlying asset arising as a result of a lease. PHSO does not own the underlying asset but recognises the value of the right of use in accordance with IFRS 16.

2022-23	Land and buildings £000	Total £000
<b>Cost or valuation</b>		
At 1 April 2022	-	-
Initial adoption of IFRS 16 on 1 April 2022	7,770	7,770
Additions	66	66
Disposals	-	-
Transfers	-	-
<b>At 31 March 2023</b>	<b>7,836</b>	<b>7,836</b>
<b>Depreciation</b>		
At 1 April 2022	-	-
Charged in year	849	849
Disposals	-	-
Transfers	-	-
<b>At 31 March 2023</b>	<b>849</b>	<b>849</b>
<b>Carrying amount as at 31 March 2023</b>	<b>6,987</b>	<b>6,987</b>
Carrying amount as at 31 March 2022	-	-



## 8. Cash

	31 March 2023	31 March 2022
	£000	£000
Balance at 1 April	135	263
Net change in cash balances	54	(128)
<b>Total cash balances at 31 March</b>	<b>189</b>	<b>135</b>

PHSO only holds cash balances with the Government Banking Service.

## 9. Trade and other receivables

	31 March 2023	31 March 2022 (Restated)
	£000	£000
<b>Amounts falling due within one year:</b>		
Trade receivables within one year	82	81
Credit loss provision	(2)	(2)
Deposits and advances	4	6
Prepayments and accrued income	799	901
<b>Total</b>	<b>883</b>	<b>986</b>

The credit loss provision at 31 March 2022 was disclosed under Provisions in Note 12 and has been restated at 31 March 2023 under trade and other receivables.

## 10. Trade and other payables

	31 March 2023	31 March 2022
	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	709	499
Taxation and social security	687	569
Other payables	612	482
Accruals and deferred income	1,405	1,030
Rent-free period accrual	-	88
Amounts issued from the Consolidated Fund for supply but not spent at year end	189	135
<b>Total falling due within one year</b>	<b>3,602</b>	<b>2,803</b>
<b>Amounts falling due after more than one year</b>		
Rent-free period accrual	-	416
<b>Total falling due after more than one year</b>	<b>-</b>	<b>416</b>

On implementation of IFRS 16 at 1 April 2022, the Rent-free period accrual has been consolidated into the valuation of Right of Use assets.

## 11. Lease liability

The lease liability amounts recognised in the statement of financial position are as follows:

	31 March 2023 £000
Balance at 1 April 2022	-
Initial adoption of IFRS 16 at 1 April 2022	8,275
Lease payments made during the year	(856)
Interest charge for the year	56
<b>Balance as at 31 March 2023</b>	<b>7,475</b>
<b>Amounts falling due within one year</b>	
Lease liability	760
<b>Amounts falling due after more than one year</b>	
Lease liability	6,715
	<b>7,475</b>

The amounts recognised in the statement of comprehensive net expenditure are as follows:

	31 March 2023 £000
Interest on lease liabilities under finance costs	56
VAT on lease payments under accommodation lease costs	141
Expenses relating to leases of low value assets under accommodation costs	18

The following table sets out the maturity analysis of lease payables, showing the undiscounted lease payments to be paid after the reporting date.

	31 March 2023 £000
Not later than one year	854
Later than one year and not later than five years	3,614
Later than five years	4,065
<b>Total</b>	<b>8,533</b>
Less interest element	(1,058)
Present value of obligations	7,475

## 12. Provisions for liabilities and charges

	2022-23			2021-22 (Restated)
	Legal claims £000	Dilapidations £000	Total £000	Total £000
Balance at 1 April	88	760	<b>848</b>	<b>779</b>
Provided in the year	99*	66**	<b>165</b>	<b>172</b>
Provisions not required written back	(61)*	-	<b>(61)</b>	<b>(68)</b>
Provisions utilised in the year	(27)	-	<b>(27)</b>	<b>(35)</b>
<b>Balance at 31 March</b>	<b>99</b>	<b>826</b>	<b>925</b>	<b>848</b>

\* The amount shown in the SoCNE comprises the movement in year of £38k being made up of the sums marked with an asterisk above.

\*\* The amount shown comprises the capitalisation of the current year dilapidations provision per IFRS 16, and is disclosed under Note 7.

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.

## 12.1 Analysis of expected timing of liabilities and charges

	2022-23			2021-22 (Restated)
	Legal claims £000	Dilapidations £000	Total £000	Total £000
Not later than one year	99	120	219	88
Later than one year and not later than five years	-	-	-	115
Later than five years	-	706	706	645
<b>Balance at 31 March</b>	<b>99</b>	<b>826</b>	<b>925</b>	<b>848</b>

### 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.

## 13. Commitments under leases

### 13.1 Operating leases

The total cost of operating leases is expensed in equal instalments over the life of the lease.

Total future minimum lease payments under operating leases are given in the table below analysed according to the period in which the lease expires. These Operating leases represent leases that fall within the low value and short life exemptions of IFRS 16.

	31 March 2023	31 March 2022
	£000	£000
Other:		
Not later than one year	16	12
Later than one year and not later than five years	24	1
Later than five years	-	-
<b>Total</b>	<b>40</b>	<b>13</b>

Buildings are disclosed as right of use assets as from 1 April 2022 under the application of IFRS 16 (Note 11).

## 14. Capital and other commitments

There were no contractual capital commitments as at 31 March 2023 (nil 31 March 2022) which were not otherwise included in these financial statements.

## 15. 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 2023	31 March 2022
	£000	£000
Not later than one year	2,748	1,402
Later than one year and not later than five years	1,142	601
Later than five years	-	61
<b>Total</b>	<b>3,890</b>	<b>2,064</b>

## 16. 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.

IAS 24 requires companies to disclose, in respect of individuals, any management compensation, and this requirement has been fulfilled through disclosure in the Remuneration Report. Expenses relating to the Executive Team and the Board are disclosed on the PHSO website.


## 17. Events after the reporting period date

In accordance with IAS10, the Ombudsman is required to consider the impact of events since the closing date of the Statement of Financial Position and up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. In the Ombudsman's opinion there have been no events since 31 March 2023 that would affect the financial statements.









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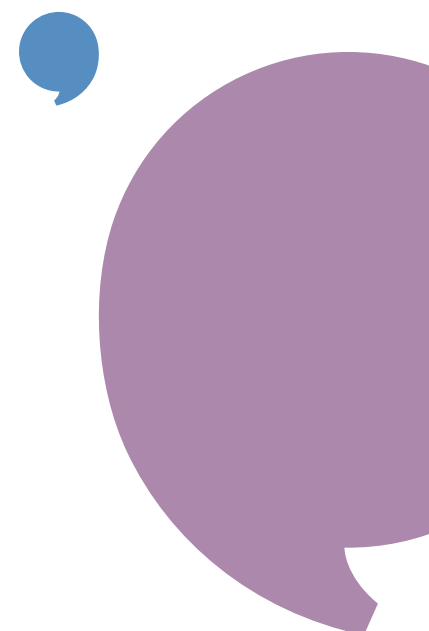
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