

Commission for Local  
Administration in England

# Adapting and Innovating

# Commission for Local Administration in England

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

### Annual Report & Accounts 2020-21

For the period 1 April 2020 to 31 March 2021

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

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

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

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# Contents

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Foreword	1
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## Performance report

Who we are, what we do	4
Membership of the Commission	5
Key numbers 2020-21	6
Chief Executive's performance report	7
Strategic Objective 1:	9
Strategic Objective 2:	14
Strategic Objective 3:	15
Strategic Objective 4:	23
Strategic Objective 4:	24

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## Accountability report

Directors' report	25
Statement of Commission's and Accounting Officer's Responsibilities	43
Governance statement	44
Remuneration and Staff Report	58
Parliamentary Accountability & Audit Report	65

---

## Financial statements

Statement of Comprehensive Net Expenditure for the year ended 31 March	71
Statement of Financial Position as at 31 March	72
Statement of Cash Flows for the year ended 31 March	73
Statement of Changes in Taxpayers' Equity	74
Notes to the Financial Statements	75

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## Annex A

Accounts direction for the Commission for Local Administration in England	94
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# Foreword

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I present the Annual Report and Accounts for the Commission for Local Administration in England (also known as the Local Government and Social Care Ombudsman) for the year ended 31 March 2021.

I want to thank our staff for their professionalism, resilience and dedication in what has been an exceptionally challenging year for everyone. They have ensured we continue to remedy injustices, hold councils and care providers to account, and share the learning from our casework.

Unsurprisingly, the COVID-19 pandemic has had a significant impact on our business in the

last year. At the tail end of the previous year, we had already taken the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow councils and care providers to concentrate on vital frontline services during the first wave of the outbreak.

We restarted casework in late June 2020, after a three month pause. During that time, we moved quickly to tell bodies in jurisdiction what we would expect to see in terms of managing complaints at a time of crisis, and we issued new guidance on this.

We continued to listen to feedback from the sector when we decided later in the year it

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was unnecessary to pause our casework again when further lockdowns returned. While councils and care providers likely experienced additional pressures, many had adapted their ways of working and we encouraged them to talk to us on an individual basis about difficulties responding to our enquiries. Throughout, our advice remains the same: good public administration is more important than ever at a time of crisis – and managing complaints effectively is not simply an added bonus.

Our other key development during those early months was to start building a specialist team to investigate the complaints about COVID-19 that we would eventually receive. By changing how we register those complaints and developing a system of sharing our knowledge, we now make proportionate and consistent decisions on these complex investigations, where the grounds for what should have happened was changing on a sometimes weekly basis.

The short-term legacy of the pandemic, on this report, is that the statistics we typically publish must be seen against the backdrop of a very atypical year. To give an example; while we never relinquished holding ourselves up to the highest standards for the quality of our investigations, it has not been possible to complete some as quickly as we would like. The simple fact we had stopped requesting responses from councils at the height of the crisis, is a major factor towards explaining why investigation completion times increased in the early part of the year.

Another example is the number of new complaints we received and decisions we made. It stands to reason these are lower than a typical year when for a period we stopped taking on new cases altogether. As we came towards the close of the year, the number of

incoming complaints remained on an upward trajectory, and we fully expect them to return to pre-pandemic levels or above in due course.

There has been no shortage of reports we have published since resuming casework, many of which demonstrate the importance and variety of work we carry out. Our public interest report about the loss of habitat for bats in Warwick, due to errors in the local planning process, highlighted how we can look at injustice from the wider scope than the typical notion of personal loss.

Our public interest report about the way Sheffield City Council had felled trees under its controversial street maintenance programme exposed a lack of transparency in the council's dealings with its residents. Our investigation helped to draw a line under a long running dispute, providing vindication for the complainants, but also resulting in an unreserved public apology from the council and a commitment to take a different approach in future.

We published a public interest report about Leicestershire County Council, where it had failed to properly oversee the 'free' early years education provision at nurseries in its area. With unclear and opaque invoices, a nursery chain had been charging parents a 'top up' fee for a service that should be free. Our investigation exposed, judging by debates in the media, something that is likely to be an issue affecting parents up and down the country. It is a powerful example of how our work can highlight social injustices well beyond the scope of the individual complaining.

We also publish thematic national reports that share the learning from our cases in targeted areas. Last year saw us publish our findings from the first 50 investigations about the Homelessness Reduction Act, examining

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how well councils are implementing the new legislation and providing them with practical steps to improve based on our early findings.

Our Focus Report on our investigations about children in care was aimed at driving awareness and better outcomes for a particularly vulnerable group of people. These cases are a more modest proportion of our total casework, but we chose to highlight how decisions made about ‘looked after children’, who have usually had a tougher start to life than most, can have a disproportionate impact on them. We told this through the stories of young people who complained to us, such as the young woman who returned to her foster home one day to find her bags packed and to be shown the door, without warning, because she had turned 18 – the age when her support was to end.

We also published two guides aimed at helping bodies in our jurisdiction to get things right before cases get escalated to us. One was a guide to managing complaints under the statutory children’s complaints procedure, the topic most requested by councils. The other was the re-launch of our guidance on effective complaint handling. This gives real world advice on running a complaints system that is effective and has service improvement hard wired into it. This document is as relevant to independent care providers as it is to local authorities.

In terms of our social care jurisdiction, we highlighted a disproportionately low number of complaints received from or about people who pay for their care privately. With this becoming a trend in recent years, it is now time for a statutory requirement to be introduced for independent care providers to tell service users of their right to use our service.

Last year we renewed our thinking about how we achieve our goals in the short to medium term. We looked at our Corporate Strategic Objectives, first agreed in 2010, and decided these remain relevant but the world around us has changed. At the heart of these, our mission remains to remedy injustice and help improve local services.

To ensure we stay focused on those long-term objectives, we developed a new [Three-Year Plan](#). This gives us a set of short term, measurable commitments to keep us on a clear path towards our aspirations. The plan recognises the changing landscape in which we operate and is founded upon four key commitments. These encompass us continuing to be high achieving, being bold and innovative in what we do, being a great place to work and being accessible to everyone.



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



# Who we are, what we do

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

We help to make sure these organisations are accountable, by ensuring they put things right for service users when things have gone wrong. We are at the apex of the complaints process and therefore cannot investigate a complaint before the body concerned has been given the chance to respond to it.

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

For adult social care, we are the one-stop-shop for complaints about publicly and privately funded services.

This means the public does not have to navigate complex processes in what is often a confusing social care system.

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

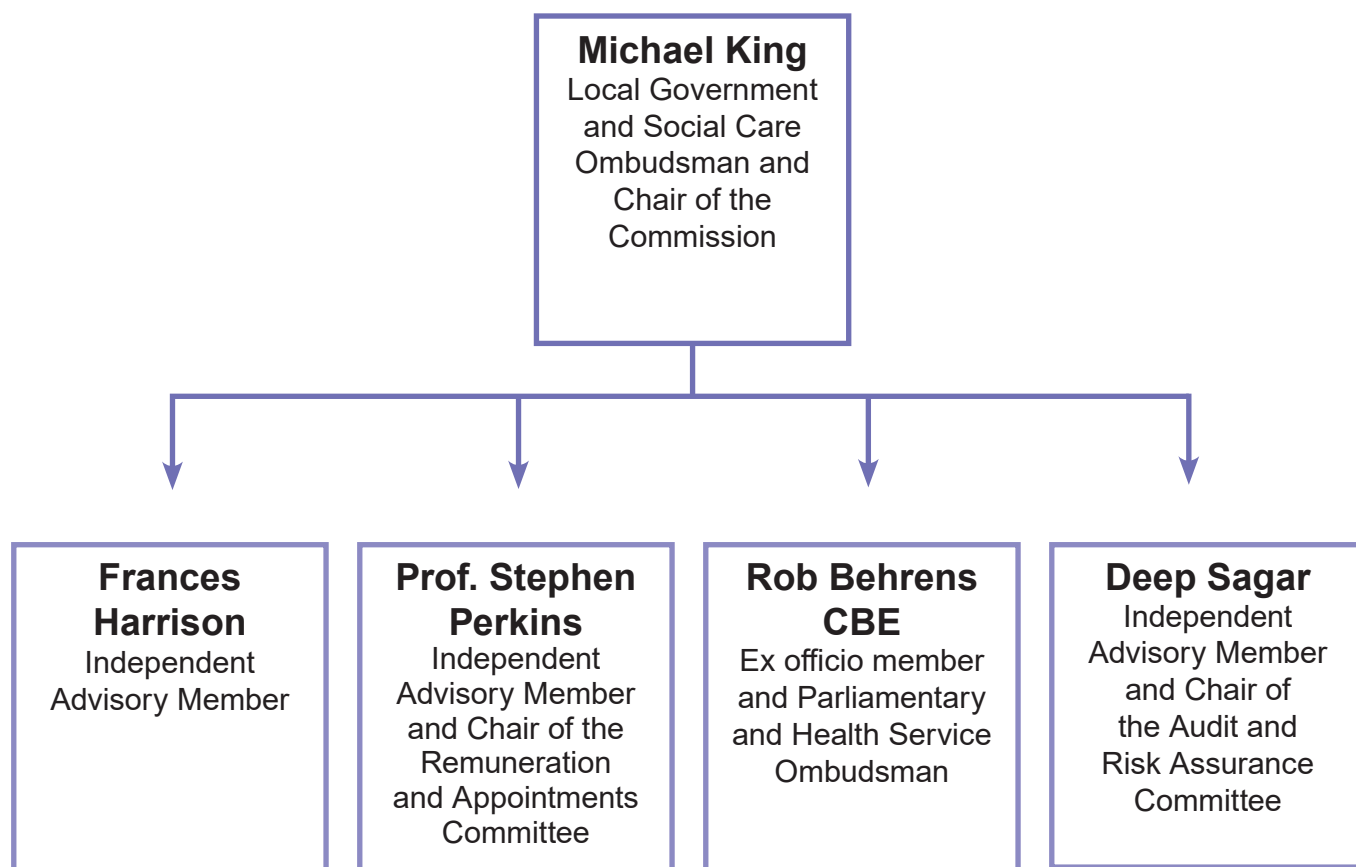
Our Executive Team is responsible for the day-to-day management of our operations. Its work is overseen by the Commission for Local Administration in England (“the Commission”), which is chaired by the Local Government and Social Care Ombudsman, Michael King. The Commission operates as the board of the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



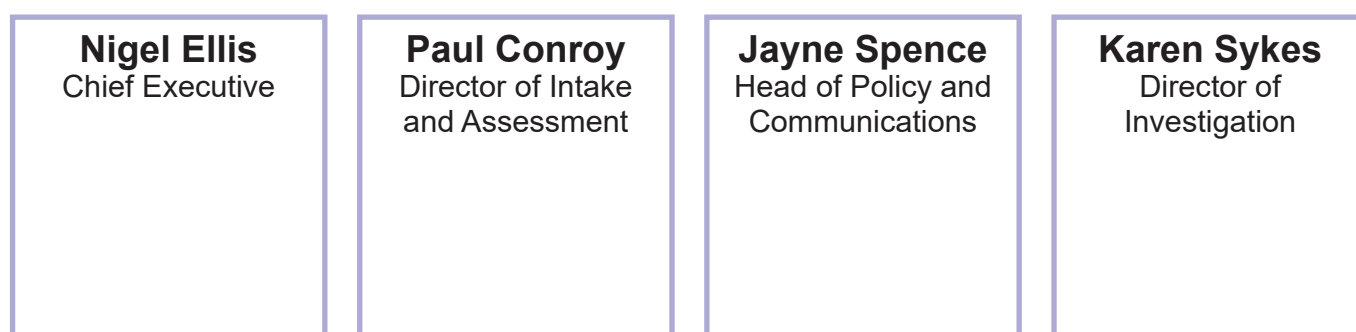


# Membership of the Commission

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## The Executive Team



# Key numbers 2020-21

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**79**

complaint handling  
training courses  
delivered online

**1,618**

recommendations  
to improve services

**99.5%**

our  
recommendations  
implemented

**40**

public interest  
reports issued

**>74%**

councils sharing our  
annual letter with  
councillors

**85%**

cases completed  
within six  
months by year end

**2 years**

council agreed to scrutinise  
its Special Educational  
Needs service for this long

**>£20k**

one family receives for  
serious failings in providing  
a suitable education

# Chief Executive's performance report

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## Performance Overview

We are pleased to report strong performance against our four Strategic Objectives, considering the unusual context in which we were working last year with the pandemic having a significant impact on our business.

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

This objective is the one most affected by COVID-19 with our pause in casework, our staff capacity being reduced and council and care provider capacity to respond to us also reduced due to increased pressures.

Despite this, for the speed of our investigations, we remained above our target of completing 65% of investigations in 13 weeks. On our longer targets for case completions (85% of cases in 26 weeks and 99% of cases in 52 weeks) we fell below target during periods. However, processing speeds were on an upward curve as the year progressed and we completed 85% of cases in 26 weeks in the final quarter.

The total amount of cases waiting to be allocated to an investigator reduced while we paused casework, however they returned to similar pre-pandemic levels once we resumed taking on new complaints.

Our customer satisfaction results dipped significantly below typical levels in the first quarter of last year. However, given they were of a very low sample size, and results returned to around target levels for the remainder of the year, it suggests this was an anomaly.

We received a lower than usual number of complaints about our service, likely due to the reduced number of decisions we made,

however we acknowledged we could have done things better in a smaller percentage of those cases than usual.

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

An average of 85% of our decision statements met our key standard for being reasonable and defensible in the reviews we undertook.

There were just 28 cases in which we found our decision not up to the expected standard, from 653 requests from complainants to review our decision.

We had a compliance rate with our recommendations from councils and care providers of 99.5% last year, and there were no instances of us issuing a formal notice of non-compliance.

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

Despite the disruption to our casework, we published 40 public interest reports on individual council investigations. We also published a Focus Report on the Homelessness Reduction Act and one on children in care.

In addition, we shared our casework learning with two important guidance documents for councils – one on how to run an effective complaints system which embeds learning at all stages and one on the statutory children's complaints procedure.

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In our policy and stakeholder work, we started to define our major objectives for the next three years in terms of where we could provide access to independent redress for more people currently denied this. We also contributed evidence to a number of consultations and inquiries, including the Armed Forces Bill Select Committee – to which the Ombudsman also presented oral evidence.

We overhauled how we provide our effective complaint handling training for councils and care providers during lockdown, moving to a redesigned online course. This has proved popular, with 79 courses being delivered in six months, and receiving universally positive feedback.

We made 1,168 recommendations to improve services last year. This is an all-time high in terms of the proportion of all our recommendations, at 26%.

Our annual surveys of councils and care providers gives assurance bodies in jurisdiction are committing to using our casework to support learning and service improvement. 74% of councils say they share our annual letters with their councillors.

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

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

Our IT systems remained secure against security breaches and downtime was limited to normal levels of tolerance. Previous investments into cloud and online technologies

meant we were able to keep the business operating effectively as we quickly moved to home-working for the entire organisation when lockdown came in.

Our accounts have been prepared on a going concern basis.

## **Managing Risk**

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

We have seven risks on our strategic risk register, assessed with a Red/ Amber/ Green system. Four risks were rated green at the close of year, and three Amber.

Two of the Amber risks were around our capacity to deal with complaints, and our ability to improve services, during COVID-19 restrictions, but we have mitigating actions in place. Our key risk, currently Amber, remains our ability to adapt to changes in demand for our service having been operating with a significantly reduced budget in recent years.

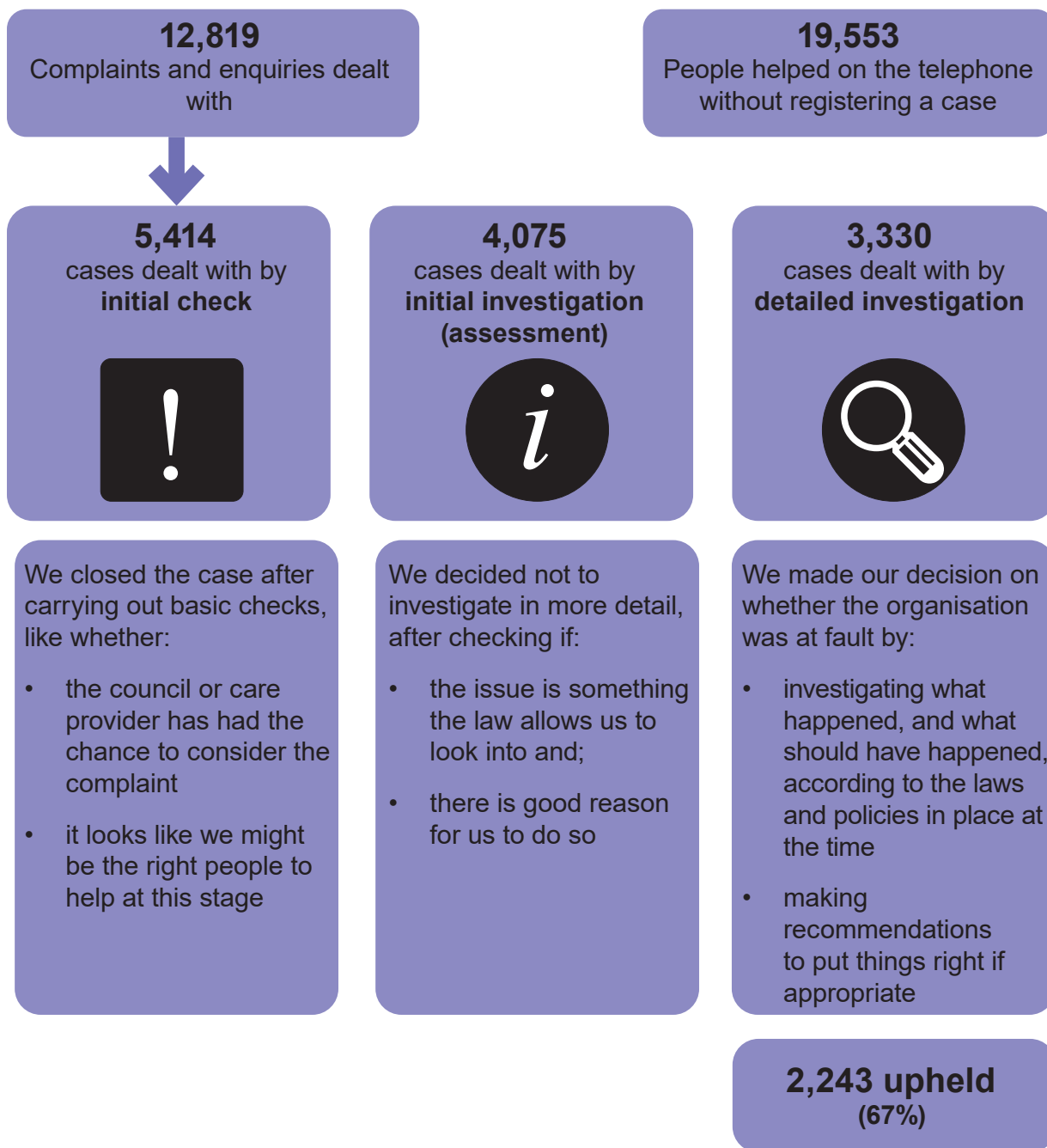
# Strategic Objective 1:

our service is easy to find and easy to use

## Contextual data: Casework trends

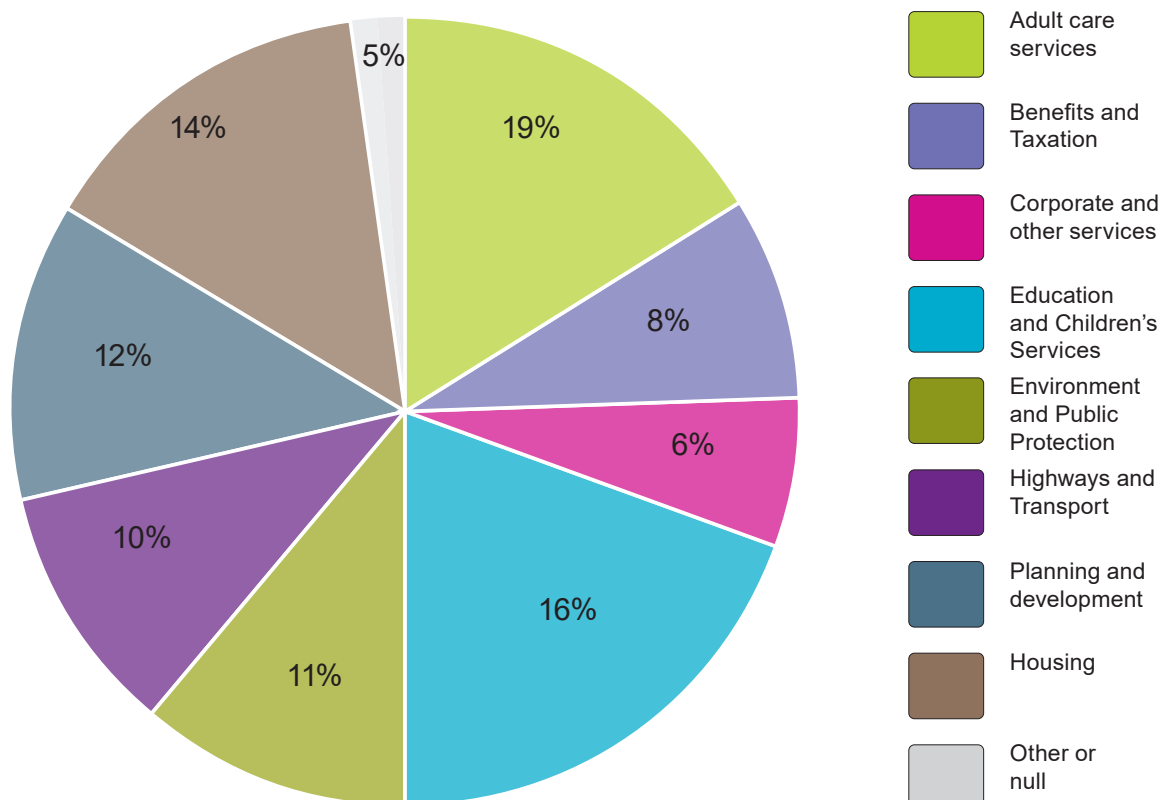
We monitor the amount and composition of complaints we receive and investigate. We do not control these, so they are not performance measures, but we include them in this report to provide context to our performance.

### Complaints and enquiries dealt with in 2020-21



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

### Composition of complaints and enquiries received in 2020-21



Due to rounding, figures add up to 101%

### Comparisons with the previous year

Measure	2020-21	2019-20	Change
Complaints and enquiries received	12,851	19,518	34% ↓
Total cases dealt with (decisions made)	12,819	19,625	35% ↓
- Cases dealt with by initial check	5,414	9,257	42% ↓
- Cases dealt with by initial investigation	4,075	5,913	31% ↓
- Cases dealt with by detailed investigation	3,330	4,455	26% ↓
<b>Uphold rate for investigations</b>	<b>67%</b>	<b>62%</b>	<b>5% points ↑</b>



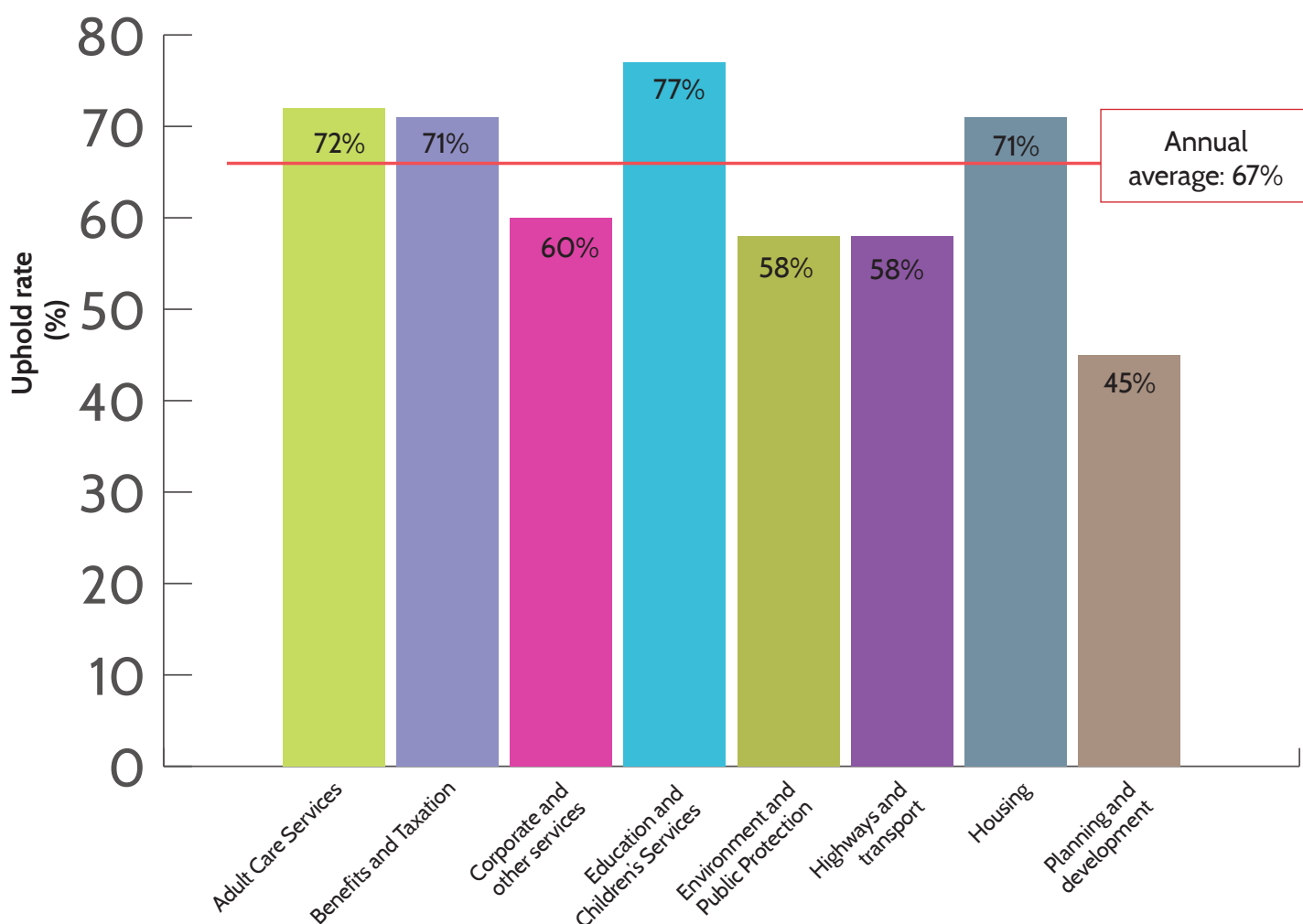
# Strategic Objective 1:

our service is easy to find and easy to use

## Uphold rates for complaint types

Our uphold rate (the proportion of detailed investigations upheld) for all cases was 67%. This comprises of different rates for the complaint types we investigate. Our uphold rate for all cases increased 5 percentage points last year, increasing from 62% to 67%.

### Uphold rate by category



# Strategic Objective 1:

our service is easy to find and easy to use

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## How we measure our performance

We look at:

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

### COVID-19 and performance measures

Our performance measures for this strategic objective are the ones most affected by the unusual context in which we worked last year.

We paused our casework for roughly all of the first quarter. During this time, the only cases we could progress were those requiring no involvement of the body being investigated. This meant we could not complete as many cases as we would in a typical year, or as quickly.

We have also been aware of the pressures councils and care providers have been under, and extended our deadlines for responding to us where appropriate. This has also contributed towards slowing our progress on investigations since we restarted.

Our casework pause also meant we received an unusually low level of customer satisfaction survey responses for some periods. In addition, those we did receive were from a sample of almost exclusively cases we could not investigate because we did not have jurisdiction or they came to us before the body concerned had responded – the cases more likely to result in negative feedback.

### Speed of investigations

Despite the disruption to our casework, we remained above our target of completing 65% of cases within 13 weeks throughout the year. In the first quarter it was at 67% but increased as the year went on, to 76% at the close of year.

We dropped below our target of completing 85% of cases within 26 weeks for a lot of the year, due to the impact of COVID-19. However, we moved in the right direction and returned to being on target (85%) by the fourth quarter.

For a lot of the year we were completing 96% of cases within 52 weeks against a target of 99%, again because of the delays the pandemic had created. However, we reduced the actual number of ongoing cases over a year old in the fourth quarter, suggesting we were heading in the right direction.

One of our challenges over recent years has been reducing the number of cases that remained unallocated to an investigator at any given period. Without any new cases coming in for a period we were afforded time to reduce this number significantly. The total amount, however, rose back to levels similar to the start of the year once we took on new complaints again, demonstrating the challenge we have dealing with the backlog with the current resources available to us.

While we strive to minimise the time when progress is not being made on cases while they await being allocated to an investigator, our waiting times still compare favourably with comparable complaints organisations.

## Strategic Objective 1:

our service is easy to find and easy to use

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### Complaints about our service

We received 193 complaints about our service in 2020-21. This is fewer than in a typical year (2019-20: 240) but likely reflects the fewer total number of decisions we made. In 39 of these cases (2019-20: 77) we acknowledged we could have done something better and apologised.

There were no rulings from the Information Commissioner's Office that required us to take action over a data loss or Subject Access/ Freedom of Information request.

our pause in casework, which meant the results were susceptible to large fluctuations. Considering results returned to similar levels to previous years for the remaining quarters, this appeared to be an anomaly rather than a trend.

By the close of the year, 24% of respondents were happy or neutral with our service despite being unhappy with our decision (against a target of 20%). And 92% of respondents were happy or neutral with our service while feeling the same about our decision (against a target of 95%).

### Customer satisfaction with our service

Evidence shows the level to which our complainants are satisfied with the service we provide, is closely linked to how happy they are with the outcome of their case. In other words, someone who disagrees with our decision is much more likely to be unhappy with the level of service we provided, and vice versa.

To enable us to assess customer satisfaction objectively, regardless of the outcome, we set two customer satisfaction targets:

- > Respondents happy or neutral about our decision – 95% being happy or neutral with their service
- > Respondents unhappy with our decision – 20% remaining happy or neutral with their service

During the year, results mainly fluctuated a couple of percentage points above and below target for both measures. In the first quarter results were untypically below target in both areas – however they came from a very small sample of respondents, due to

## Strategic Objective 2:

we remedy injustice through impartial, fair and rigorous investigations

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### How we measure our performance

We look at:

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

#### Quality of our decision statements

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

In the reviews done last year, an average of 85% of decisions met our key standard for being reasonable and defensible.

#### Achieving remedy

When we find fault, we recommend practical ways for councils and care providers to remedy the situation – both for the individuals complaining and for the wider public through improvements to services.

For every recommendation made, we require evidence of what the council or care provider has or will take before we formally acknowledge our satisfaction it has been completed. Every service improvement recommendation is uploaded to our councils' performance map weekly for wider scrutiny.

While our recommendations are not legally binding, it is rare for them not to be implemented.

In 2020-21, 99.5% of our recommendations were implemented (2019-20: 99.1%). We always take action to pursue compliance on the few cases in which we are not happy recommendations are carried out. This means either opening a new investigation based on non-compliance or publishing a further report on cases originally decided by a public interest report.

The final step we have at our disposal, when recommendations are not implemented, is to publish a statement holding the body to account for formally refusing to comply. There were no instances last year when we had to do this.

#### Review requests

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

In 2020-21 we received 653 requests to review our decisions. We found our decision not up to the expected standard in just 28 cases. This compares to 688 and 57 in 2019-20.

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

## Strategic Objective 3:

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

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### How we measure our performance

We look at:

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

Last year we issued 40 public interest reports to councils. This is fewer than the previous year but accounts for the fact we did not publish any for approximately three months while we paused our casework.

Around two thirds of the public interest reports we published were about children's services or adult social care. These included Special Educational Needs and Disability (SEND) support, school transport, child protection, as well as the assessment or charging of adult care.

### Impact of our casework

#### *Public interest reports*

Public interest reports highlight our investigations that contain the most serious issues, or points to learn. They also trigger a formal accountability process where councils must consider the report and our recommendations at full council or another appropriate scrutiny meeting, and place public notices in the press.

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

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

We gained national media attention for a number of the cases, and locally journalists – particularly the Local Democracy Reporting service – have been keen to provide wider scrutiny of these issues to local people.

#### *Investigation decisions*

We publish all our investigation decisions (except the small number of cases where to do so would compromise anonymity of the people involved). We retain decisions on our website for five years to aid public scrutiny and learning, holding around 43,000 cases at any one time to analyse.

We send out weekly email alerts with links to our newly published decisions, in our five most common categories, for anybody who subscribes on our website. We have noted increased media attention of these cases, triggered by the email alerts, over recent years.

## Strategic Objective 3:

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

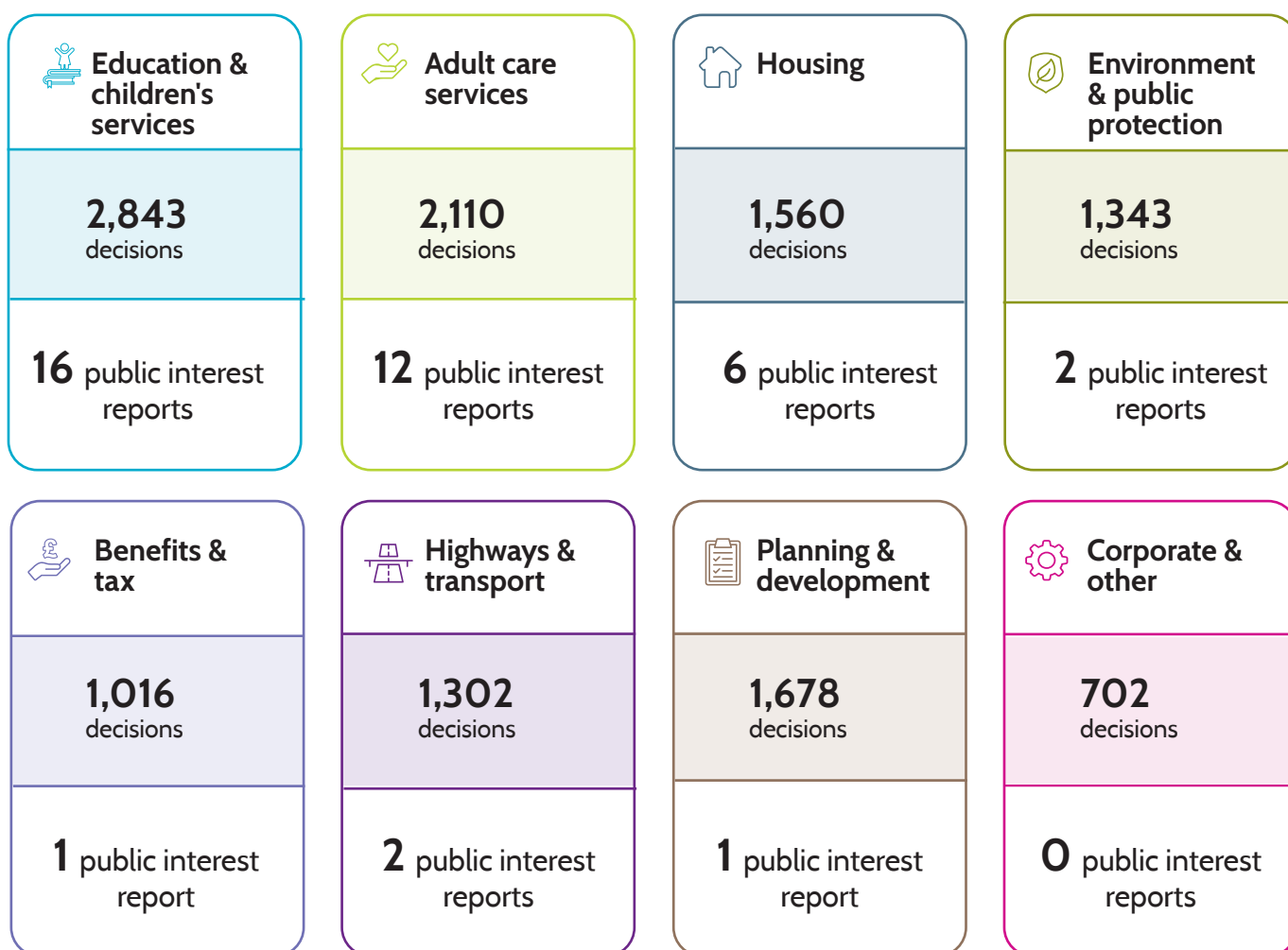
### Decisions and reports

Our decisions are published at [www.lgo.org.uk/decisions](http://www.lgo.org.uk/decisions) and can be searched by theme, key word, category, decision outcome, date and organisation.

Our press releases to highlight our public interest reports can be found at:

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

Below are the decisions made and public interest reports published in 2020-21.



> 625 cases were decided under categories not shown in the diagram above: Other (492), Null (130) and Health (3)



## Strategic Objective 3:

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

### Thematic reports

#### Focus Reports

When our investigations find systemic issues, we publish thematic Focus Reports based on major topics. Each report shares the common issues we find and includes case studies from genuine investigations, advice on what to get right and suggested questions for councillors to scrutinise their authority. Last year we published:

#### Home truths: how well are councils implementing the Homelessness Reduction Act?



This report shared the learning from our first 50 detailed investigations about the Homelessness Reduction Act, giving practical advice to councils from our early findings. The Act, introduced in 2018, gave people new rights when homeless or threatened

with homelessness with the aim of helping people earlier to prevent them becoming homeless. We found that in some cases councils had delayed helping people and there were difficulties in how the newly required Personalised Housing Plans were administered. We called on all councils with homeless responsibilities to read our report and review their practices in light of our good practice advice.

#### Careless: helping to improve council services to children in care



We chose to highlight the stories from our complaints about children in the care of their local authority, to draw attention to and improve outcomes for a particularly vulnerable group of people. We explained how ‘looked after children’, using the official term, are

statistically much more likely to have poorer outcomes than children living with their parents – making councils’ decisions about them even more critical. For example, children in care are more likely to have a special educational need or mental health difficulty and are more than three times as likely to be out of education, training or employment once they leave care. We shared case studies from our investigations, such as the boy who discovered through his case notes that years earlier he may have been denied the chance to say goodbye to his dying mother. This report offered many good practice suggestions, including actively promoting to children in care how to raise concerns or make a complaint, and for councils to have effective policies on exercising its discretion to investigate historical complaints – recognising the difficulties for young people in coming forward at the time of the concern.

## Strategic Objective 3:

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

### Guidance for Practitioners

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

#### Guidance on Effective Complaint Handling for Local Authorities



This document offers practical advice on how to run a complaints system that is effective, fair and helps to drive service improvement within local authorities. It marked the overhaul and relaunch of our longstanding guidance in this area, bringing it up to date and in line with the current

landscape. The guidance runs through the steps authorities need to take to ensure complaints are properly identified, investigated and put right where necessary.

#### Guide on the Children's Statutory Complaints Procedure



Being the area in which we receive the most enquiries from councils, we published our guide on managing the statutory children's complaints procedure they must follow. It sets out what we expect from councils and how they should apply the government guidance, while answering the

common queries we receive based on the learning from our cases. We also took the opportunity to stress our position, which is that the regulations and statutory guidance must be followed as set out in law regardless of any concerns about the effectiveness of the process councils may have.

#### Recommendations to improve services

Where we find fault, we always look for opportunities to make recommendations which will help bodies in our jurisdiction improve services for everybody. Last year we made 1,618 service improvement recommendations (2019-20: 1,769). As a proportion of our total number of recommendations, at 26%, it is higher than the previous year (2019-20: 20%), suggesting that our recommendations are increasingly focusing on procedural, policy and awareness actions that can make a difference for many people across the country.

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

#### Stakeholder engagement and policy work

We share evidence from our investigations with Parliament, government departments and others to help drive improvements in local services. By sharing the insight from people who have experienced service failures, we can help to inform public policy decisions. We also talk regularly with bodies in jurisdiction and listen to the views of relevant stakeholders, to ensure a two-way flow of information.

## Strategic Objective 3:

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

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Last year we spent a significant amount of time keeping relevant stakeholders informed about how we were operating during the pandemic and our approach to casework decisions concerning COVID-19.

We have also submitted written evidence to several select committees including: The Human Rights (Joint Committee) Inquiry into the Government's response to COVID-19: human rights implications; the Homes, Communities and Local Government Select Committee inquiry on the progress of devolution in England; the Public Administration and Constitutional Affairs Committee inquiry into "The Evolution of Devolution"; and the Armed Forces Bill Select Committee. Ombudsman Michael King also gave oral evidence to an evidence session of the latter committee.

We have contributed to several Government consultations, including a number of Department for Levelling Up, Housing and Communities (DLUHC) consultations on planning and regeneration. We submitted evidence to various Department for Education (DfE) consultations including the School Admissions Code and unregulated care provision for children and care leavers, as well as started work to contribute to its independent review of children's social care and its Special Educational Needs and Disability (SEND) inquiry. We also worked closely with the Department for Environment, Food and Rural Affairs on the set-up of the Office for Environmental Protection.

As detailed in our new three-year plan, we commenced work to define our major policy objectives for the next three years and started to engage with DLUHC and the Department for Health and Social Care on how changes would provide public access to independent redress in areas where there are currently gaps.

## Scrutinising complaints data

Last year we updated our council performance map with a second batch of annual data. The map places all our council complaint statistics in a single, [interactive hub](#).

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

It includes compliance rates for implementing our recommendations, the full detail of each service improvement recommendation agreed to (refreshed every week), and benchmark average statistics for the different types of councils.

We published our latest Annual Review of Local Government Complaints report alongside the map's data refresh. This gives a national overview of the trends we are seeing in our work investigating local authorities. It is an addendum to the annual letter we send to every council, feeding back on an individual basis about its performance in responding to our investigations.

We also published our statutory report on our adult social care jurisdiction in our Annual Review of Adult Social Care Complaints. We said the adult social care sector is missing out on the valuable learning complaints can bring because there continued to be a disproportionately low number of complaints received from or about people who pay for their care privately. The report called for the government to use its social care reforms to require independent care providers to tell people, if they are unhappy with the services they are receiving, how to complain not only to the providers themselves, but also how to escalate that complaint to us.

## Strategic Objective 3:

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

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### Complaint handling training

Our well-established training programme helps councils and care providers improve their complaint handling. Last year we were forced to suspend in person delivery of our external training programme due to COVID-19.

We re-designed the course for online delivery and commenced online workshops in October 2020. Despite only delivering courses for half of the year we delivered 79 online courses in 6 months, delivering 44 in the final quarter of 2020-21.

Our online offering received universally positive feedback, with 80% of delegates saying it improved their practice and directly contributed to their work; with the remaining 20% saying it confirmed existing good practice. Moving to online delivery has made it possible for us to deliver more courses per month than in person and easier for councils and care providers to attend the training programme.

## Strategic Objective 3:

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

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### How bodies in jurisdiction learn from our investigations

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

#### Councils

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

**41%**

use our reports to  
review their own  
practices

**91%**

say our investigations  
had some impact on  
improving services

**8/10**

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

**74%**

shared our annual  
letter with councillors

## Strategic Objective 3:

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

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### Care Providers

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

**55%**

of those reading our annual review report used it to review their practices

**58%**

refer people to the Ombudsman in their complaints practices

**8/10**

say our recommendations are clear, consistent, proportionate and appropriate (average score)

**64%**

say our investigations had some impact on improving services



## Strategic Objective 4:

we are accountable to the public and use our resources efficiently

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### How we measure our performance

We look at:

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

#### Financial performance

We maintained sound governance and ensured efficient and effective delivery of our core business throughout 2020-21. Full details of performance against these measures are contained within the Accountability Report and Financial Statements later in this document. Our Executive Team monitors financial performance against individual budgets on a monthly basis and reports variances to the Commission. Our net expenditure for 2020-21 was £14.492m which was a decrease of £0.035m compared to 2019-20.

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

In the previous year (2019-20) we received a 'status quo' budget from DLUHC as per the 2016-21 Spending Review period, but during the year our funding was increased slightly following our business case request

for additional funds to increase investigative capacity to satisfy increased demands on our service. Last year's budget (2020-21) was initially agreed in line with the Spending Review again, but after discussions with DLUHC we received most of the increased funding for the additional investigative staff capacity agreed in 2019-20.

#### Value for money

We continue to offer value for money by constantly looking for efficiency savings. Our cost per complaint last year – at £1,482 – increased compared to the previous year, due to us completing fewer cases as a result of the pandemic, but it remains low when benchmarked against comparable public sector ombudsman schemes.

#### Continuity of IT systems

In 2020-21 our IT systems remained sufficiently secure and were not breached by cyber-attacks. There were no instances of personal data being compromised through IT failures. Any systems downtime during the year remained within our usual tolerance levels.

Started at the tail-end of the previous year, when Government first asked people to work from home where possible, our IT services continued to allow the organisation to run effectively as the national lockdown continued.

Previous investments into online technologies paid dividends with staff being able to switch to virtual meetings through software such as MS Teams, backed up by robust VPN connections and an online telephone system. It enabled us to provide the public with a telephone helpline

## Strategic Objective 4:

we are accountable to the public and use our resources efficiently

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service, although this was on reduced hours as the relevant staff adapted to working from their homes for the first time.

### Ensuring accountability

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

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

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

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

### Environment and sustainability

The energy consumed within our three office locations makes up a significant proportion of our carbon footprint. These are shared Government buildings, with designated facilities providers, for which the host department monitors and reports their environmental performance.

Despite this, we do a number of smaller things within our control to help reduce our impact on the environment. For example, all our public facing reports – including this one – are web-based as standard.

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

Our business travel policy encourages rail as the preferred mode of motorised transport, and where a hire car is required we prioritise the use of hybrid vehicles. We also have schemes in place to promote commuting that is kinder to the environment such as our cycle to work scheme and season ticket loans for public transport. As in-person meetings were a rarity last year, our carbon footprint generated from business travel dramatically reduced.



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

**29 November 2021**

# Accountability report

## Directors' report

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### Leadership and direction

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

The leadership and operational management of the LGSCO is carried out by the Executive Team, whose primary purpose is to ensure that LGSCO as a corporate body fulfils its statutory functions, delivers against its plans and remains focused on its core strategic purpose: 'to remedy injustice and help improve local services'. In doing this, the Executive Team makes key organisational decisions about staffing, operational policy, risk, business planning, finance, accommodation, technology, data, people development and learning. For part of the year, the team needed to meet, virtually, on a daily basis deciding how the organisation should respond to the changing situation brought about by the pandemic and communicating directly with staff. For the remaining part of the year, the Executive Team

met twice a week to ensure each member is kept updated on operational matters, in addition to monthly formal business meetings and more in-depth development sessions. The Executive Team brings together the most senior managers responsible for the LGSCO's casework and its impact. It is chaired by the Chief Executive and the other four members are the Ombudsman, the Director of Intake and Assessment, the Director of Investigation and the Head of Policy and Communications.

All managers across the organisation are part of a larger group, the Leadership Team, which helps to co-ordinate important long-term projects, develop a consistent approach to management across the organisation, share information and act as a forum for generating new ideas and approaches. In this way, the Leadership Team is an important means by which the organisation can shape the future direction of its work but is not primarily a decision-making body.

Many of the important operational decisions are taken by specialist groups which are given delegated responsibilities relating to areas such as casework policy; performance and quality; corporate support; promoting the learning from our cases; looking after the health, safety and wellbeing of our staff; information security; and using our technology to best effect. These groups have been set up in this way to provide an opportunity for staff to be involved in key decisions and to help with the flow of information across the organisation. Opportunities to become involved are advertised and held in a central location which is well 'sign-posted' on the staff intranet, in order to encourage anyone with an interest to get involved.

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## Staffing

Over the year LGSCO has had an average of 185 staff to carry out its functions. Each month, the Executive Team reviews any changes in the actual number of staff in post and benchmarks this with the agreed staffing establishment allowed for in the budget. The variance in the actual number of staff against the “fully staffed level” has to be kept to an absolute minimum throughout the year, because the organisation is working to full capacity to deal with incoming work. We ensure that rapid action is taken in response to any workforce changes and oversee recruitment programmes carefully to prevent any slippage. At the end of the year, we were 98.2% staffed, which is very similar to the position over the whole of the year. With such a limited budget available, it is vital LGSCO makes the most of available resources while at no time over-spending the total staffing budget.

Turnover of staff has been 3% over the year, well below the sector average. However, as mentioned above, the organisation still needs to respond rapidly when any vacancies arise to avoid losing staff cover for any significant period. Our experience is that even slight delays have a significant effect on performance, given the challenging environment in which we operate.

During the year 1,074 working days were lost through sickness absence (2019-20: 1,482). This equates to 5.8 days per full time equivalent employee (2019-20: 8.4 days) and compares to a national average of 6.4 days and a public sector average of 7.4 days (as reported by XpertHR, August 2020). The decrease in working days lost, compared to the previous year, is mainly attributed to an unusually high long term sickness rate in 2019-20 (5.3 days per full-time equivalent compared to 1.9 days last year and a 5-year average of 4.1 days).

## Accommodation

We have three office locations, each consisting of space rented in government owned buildings. The ‘head office’ is in Coventry, and smaller spaces are rented in York and London. This has provided cost-effective office space without the need for private leases. We also have a small number of staff in the joint working team located in Manchester. During part of the year these sites were unavailable to our staff due to COVID-19 restrictions and for the remainder of the year, once restrictions were eased, they were made ‘COVID-19 secure’ and could only be used by a limited number of staff, to ensure that those within the buildings were safe at all times.

Having multiple sites, and a proportion of staff working from home, we are heavily reliant on technology and modern, flexible, working arrangements to conduct our day-to-day operations effectively and deliver our services to the public. These arrangements stood up extremely well when all the offices were unavailable and all staff were working from home during COVID-19 restrictions.

## Sponsorship arrangements

The LGSCO is established as a body corporate, to independently deliver a statutory function and ensure this is fulfilled in an efficient and effective manner, including the use of public money. All matters related to the conduct of investigations, the exercise of statutory discretion, the determination of the outcome of complaints, the recommendation of remedies, and the publication of casework outcomes, reports and advice are determined by the LGSCO, and the exercise of these quasi-judicial functions is independent of Government and Local Government.

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To achieve this, LGSCO works with a sponsor department: the DLUHC. The details of the working relationship are set out in a Framework Document, which is published on our website. This recognises the personal authority of the Ombudsman, in relation to complaints and investigations, and makes it clear that no restrictions are imposed on the independent exercise of the Ombudsman's statutory functions. The document also informs the nature of the arms-length relationship, emphasising the independence of the LGSCO scheme but also ensuring governance arrangements are appropriate.

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

Staff have participated in meetings with officials at DLUHC on a regular basis, including quarterly Accounting Officer meetings, providing an update on progress and any particular issues which may arise from time-to-time. We have also exchanged regular correspondence, proactively contributed helpful information to DLUHC, and actively promoted a range of policy changes which, if adopted, would improve accountability within local government.

## Budget

Significant budget reductions over the last few years have had a major impact on LGSCO and the way in which it operates. Even after fundamentally redesigning the way we deliver our service, it is clear the significantly reduced budget we rely upon is not sufficient to properly deliver our statutory functions. Two years ago, we received a small increase to avoid backlogs building up. However, we are still the lowest cost public sector Ombudsman in the UK and our funding is significantly lower than any comparable organisation. This requires us to have an extremely lean business model which is quite different from many other Ombudsman organisations.

Management and corporate support costs have already been stripped back and resources we have are focussed on delivering core statutory functions. The vast majority of our spending is committed to staffing, with 87% of these staff being frontline caseworkers who investigate and make decisions on injustice. This means we have very limited ability to do other things, such as promote the learning from our investigations to bring about improvements. We also have little or no resilience to respond to unexpected pressures arising from changes in demand for our service or changes in our capacity to meet that demand. This is precisely what happened during the year as a result of the pandemic and we have highlighted to our funding body, DLUHC, the urgent need for additional funds and the serious risk the service is currently facing.



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## Pension arrangements

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

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

The Directors estimate that at 31 March 2021 the scheme has a surplus of approximately £5.8 million when measured on the basis used for the purposes of calculating future contribution rates (at 31 March 2020 there was an estimated surplus of approximately £9.6 million on this basis).

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

In the Financial Statements, the pension deficit is calculated on a different basis using a range of assumptions chosen by management, with advice from the actuary, in accordance with International Accounting Standards (IAS 19). These assumptions are more conservative than those used for the purposes of calculating future contribution rates, and they result in a significant increase in the estimated liabilities of the scheme. Under this basis, the scheme has a deficit of £40.5 million at 31 March 2021 (2020: £25.4 million). This deficit is shown in the Statement of Financial Position and

more details are available in Note 13 to the Accounts.

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

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

In the unlikely event the Commission withdrew from the scheme, or the scheme was wound up, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

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The Executive Directors estimate that the Commission's liability (and ultimately DLUHC's liability) would be approximately £69m (2020: £62m) in this event.

## Procurement

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

## Payment of suppliers

LGSCO has continued its commitment to ensuring prompt payment to its suppliers; demonstrated by its desire to adhere to an agreed target to pay 98% of suppliers within 30 days. Performance against this standard is reported at each meeting of the Audit and Risk Assurance Committee. This year LGSCO narrowly failed to meet its target, making 97% of supplier payments on time (97% in 2019-20). It should be noted, however, that supplier invoices that are in dispute are included as a late payment.

## Brexit

Over the last year, LGSCO prepared for the possibility of the UK leaving the European Union without a deal on trade and other issues to define their future relationship. However, as the UK Government and the EU reached an agreement, which came into effect on 31 December 2020, the impact on LGSCO is limited to certain specific areas, such as reviewing our data protection arrangements, ensuring that all of our data held and processed by third parties was done so in the

UK, and working with a new regulatory body, The Office for Environmental Protection (OEP), which replaces functions previously provided by the European Union, and investigating complaints about alleged serious breaches of environmental law by public authorities. We are satisfied that all necessary action has been taken to ensure we are complying with changes brought about by the UK's departure from the European Union.

## Legal disputes and litigation

We always try to address any concerns about our decisions in the first instance, to ensure we offer the best service possible while avoiding unnecessary and costly litigation. So, if people feel we have misunderstood something or got a material fact wrong, they can ask for an internal review or follow the pre-action protocol process prior to taking legal action.

It is possible for both complainants and bodies in jurisdiction to pursue judicial review if they feel our decisions are procedurally wrong. This is not an appeal against the Ombudsman's decision, as the Court will not exchange its view for ours. However, if people are successful, it has the effect of quashing the decision and requiring us to re-take it.

In 2020-21, LGSCO was notified of 20 potential judicial reviews through pre-action protocols (a process that the Court expects parties to use before lodging an application for judicial review). Of these, eight claimants went on to issue proceedings. There was an additional claim lodged with the Administrative Court where the pre-action protocol had not been followed.

In all cases considered, permission was refused for a substantive hearing, as the Ombudsman's decision was considered sound. Some aspects of one of our decisions were



subsequently deemed to be arguable following an appeal, but that case has yet to be heard. In all cases where we successfully defended claims, we looked to recover our reasonable costs.

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

## Our longer-term plans

Our three-year plan (previously referred to as our corporate strategy) was completed during the year, having helped to guide the organisation towards achieving our strategic objectives, which are set out below:



This has helped LGSCO to innovate and modernise, whilst still anchoring the organisation to its defining principles of independence, impartiality and fairness. During this time, we have committed to even

greater transparency by publishing more about the way we work, the processes we follow, and the decisions arising from our casework.

In the second half of the year, we began the process to develop our new three-year plan for 2021-24. Given the mix of uncertainties created by the pandemic, and the new opportunities that present themselves, perhaps more than ever our new three-year plan will play a greater, more dynamic and central role in our development over the coming years.

To make the development process as inclusive and collaborative as possible, we shared a draft of the plan, and its importance and intentions, across the organisation. We benefitted from positive involvement and contributions from staff and stakeholders, who helped refine the plan. The final version is based around four commitments:

- > Being a high achieving organisation
- > Being a great place to work
- > Being bold and innovative to maximise our impact
- > Being accessible to all

We believe delivering these commitments is everyone's responsibility – they will be a fundamental part of our shared commitment to working at LGSCO. The details of how we will begin to achieve this are set out in our new Business Plan 2021-22, which has a wider participation from across the whole organisation than ever before. Our aim is that this will influence and direct not only what we do but how we work together as an organisation.

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## Completing our business plan for 2020-21

Our Business Plan 2020-21 set out a range of initiatives which were focussed on helping us deliver our longer-term strategic aims we had identified.

The Plan included projects to: improve and extend the skills and opportunities for staff; help managers become more aware of the high achieving organisation we aspire to become; and improve wellbeing at work. Other priorities in 2020-21 included: progressing our digital ambitions, launching external facing initiatives to help widen our reach with care providers and working together with Local Authorities to improve how we manage premature complaints.

As with many businesses, our plans, targets and assumptions were quickly challenged in the very early days of the new business year by the pandemic, which in some respects overshadowed the whole business year. Its impact was felt most acutely in our core business, managing our casework. An early reassessment of all Business Plan activity was undertaken, to understand what we might realistically be able to achieve given the uncertainties and constraints, and to decide whether some initiatives needed to be re-scoped or rescheduled.

In early April 2020, in parallel to our Business Plan activities, we launched a bespoke COVID-19 work programme. This programme followed a rapid business-wide exercise to identify additional areas of work we felt we could progress and utilise staff more effectively, whilst the initial lockdown conditions were in place and our casework suspended. Staff volunteered to be involved in the programme and were allocated

roles to help deliver the work. By adopting this approach, we were able to re-deploy resources, offset some of the impacts on our planning assumptions, deliver some additional areas of work and, overall, ensure disruption to Business Plan activity was kept to a minimum.

Inevitably, initiatives in which we needed to work jointly with other bodies, conduct speaking engagements or lead other public-facing activities, needed to be changed accordingly.

Despite these circumstances, and the unfolding uncertainties throughout the year, we were able to deliver a substantial part of the Business Plan, and crucially maintain the momentum of some of our more longer-term and priority objectives. Of the twelve initiatives in the Plan, six were fully completed by the end of the year, three were rated as green (as substantially delivered, but with some activity incomplete) and three were at amber (of which two were related to our core casework).

Like many organisations, during 2020-21 we also discovered new ways of doing things and learnt to adapt and develop alternative ways of tackling problems. One example was our external training programme with Local Authorities, which we had to quickly adapt and move online. Having reconfigured the courses for online delivery we were able to deliver 79 courses against the 60 face-to-face courses we had originally planned. Feedback from attendees on how the courses improved their working practices was more than 80% positive.

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Some other achievements during the year were:

- > More formally including Human Rights and Equality legislation into our casework. During the year we completed much of the groundwork: standardising our approach, and supporting staff to identify and articulate issues, and to incorporate the Equality Act and Human Rights Act into our decisions.
- > Working with stakeholders to develop a new and more consistent approach to our key performance indicators. The new data and format will allow us to better assess our performance and be confident we have the right information to know we are achieving our objectives.
- > Making a new suite of skills-based training fully accessible to caseworkers, providing staff with greater opportunities to both develop and progress in the organisation. This complemented work to improve the skills-based and subject-based training we offer to staff.
- > Delivering a range of linked activities aimed at giving managers a clearer and wider understanding of their central role in helping us become a high achieving organisation.
- > Developing new procedures to improve how we manage premature cases. We ran a very productive pilot with Local Authorities, which helped clarify and revise our approach and decide what would work best.
- > Initiating work with the Care Quality Commission, to help increase our reach with social care providers, promoting what we do, and ensuring individuals know they can complain to us. We also explored ways in which we could make better use of the information and data we share with the CQC.

By year-end we had achieved much more than we might have anticipated in April 2020, and had also delivered all the complementary work in our COVID-19 programme. This was testament to the adaptability and commitment of staff across the whole business, to make headway and maintain our focus wherever we could.

## **LGSCO as a learning organisation**

We are committed to take every opportunity to learn from our experiences and use this to inform the way we develop our service. Some of the ways we achieved this during the year were:

### ***Recognising individual contributions***

We continued to recognise and reward individual contributions made across the organisation and to make sure that people feel valued, whatever role they undertake. During the year LGSCO operated two formal recognition schemes for staff. Firstly, in January, we celebrated the successes with all staff, of 46 people who received an Exceptional Contribution Award. Many of these related to individual contributions towards our response to the pandemic. Of the 46 successful awards, 8 were made by peers and 16 went to people who were receiving an award for the first time. More than 70% of people did not receive an award in 2019. We will now conduct a light-touch review of the Exceptional Contribution Award scheme, and our other scheme, Recognising Great Work, which provides more immediate feedback and recognition, to see if any changes could be made to improve what we do, particularly as most staff are continuing to work from home and this may require us to adapt the way we operate both these schemes.

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## ***Knowledge Management***

We continued to keep our intranet subject guidance, training material and other resources, up to date and relevant, so caseworkers have the resources they need to make confident and robust decisions. During the first lockdown, we also took the opportunity, during the brief pause in our casework to involve a wide spread of casework staff in a series of projects relating to knowledge management. This included revising our Guidance on Remedies and Guidance on Jurisdiction, reviewing a number of process manuals, renewing and updating our external training materials and developing our induction training for new investigators. All these new initiatives were managed through our existing business planning process and were completed within the year.

## ***Wellbeing at work***

The challenge of supporting the wellbeing of our staff changed fundamentally at the beginning of the year as we needed to move quickly to provide equipment, support and guidance to facilitate safe and effective homeworking for all staff, who had found themselves unexpectedly working from their own homes in very unusual circumstances. Whether this has been to provide additional equipment such as second monitor screens, chairs and desks, or more specific support with ergonomic equipment such as back supports or sit/stand workstations, or by rolling out a new online training module on agile working, we have done all we can to adapt quickly to our new ways of working.

At the same time, we ensured our office space was risk-assessed and prepared for use in line with Government guidance, not only so we could provide a safe workplace for colleagues who could only deliver their work in the office

but also to support staff who preferred to work in the office to support their health and wellbeing.

During the year we also launched a new Employee Assistance Programme. Before choosing a provider, we asked staff what sort of service they would find most useful and what was most important to them. The new provider's user-friendly and modern technology, offering a website, portal and app, has proved popular, along with their expertise in mental health matters and counselling phone lines answered by qualified counsellors.

We identified mental health as one of the key areas of focus and trained seven members of staff to provide mental health first aid. This is to help people better understand what good mental health looks like and offer support to a colleague who may be having difficulties with some aspect of their mental health. We also developed a new stress at work guide that highlights how to spot the potential signs of workplace stress and explains what everyone's responsibility is to help prevent it. It is based on the Health & Safety Executive's good practice.

Finally, we established a network of wellbeing champions as an opportunity for all staff interested in contributing to and influencing initiatives. This is helping us to trial new ideas and learn collectively what is important and how we can best achieve wellbeing at work.

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## Building capacity within the organisation

During the year we worked to build the capacity within LGSCO to deliver – and sustain the delivery of – high quality, relevant services to the public and bodies in our jurisdiction. Having a clear corporate strategy has helped to provide the backdrop to this work. During the year our senior managers looked in depth at their own roles and how they can give more people the opportunity to take on leadership roles that will stretch and challenge them and ultimately build our capacity and help us with succession planning.

We also reviewed the remit of key decision-making groups, adjusting the membership and, in some cases, changing the chairmanship. This encouraged people to get involved in broader aspects of the organisation's work, with the opportunities being open to all on merit and advertised widely. We also encouraged a wider range of staff to present our casework findings, both internally and externally to the media, enabling a greater range of voices and opinions to be heard, as well as providing important development opportunities.

Building our capacity in this way is a strategic endeavour, encouraging staff to develop, grow and innovate, and ensuring the organisation can be resilient to change. It has also avoided potential bottlenecks in our decision-making and helped us embrace new styles and ideas to help us to achieve our corporate objectives. As with all initiatives, this comes with its own risks but what matters most is that, as a learning organisation, we strive to understand both our successes and our failures to build on what works best for the organisation and those that rely on our services.

## How we use technology

During the year, like many organisations, we adopted the use of software to facilitate virtual meetings, training events and seminars, issuing guidance on how to maximise the effectiveness of these new systems and how to continue adhering to strict processes to safeguard information security. Despite the challenges of restricted access to our offices, we were able to undertake several key technology projects including upgrading our core network for improved reliability and security, and introducing an improved managed backup service with reduced recovery times. We installed a new telephone system with improved functionality as well as further opportunities for convergence of our office-based and mobile platforms.

As a forward-looking organisation which is keen to learn, we continue to improve the way we communicate with our service users and make it as easy as possible for them to communicate with us. Our web-based form for new complaints proved invaluable during lockdown, providing an easy, guided way to complain to us, at a time when our telephone lines were not available for certain periods. The experience gained has informed the development of additional elements of our online complaints service which will be introduced shortly and should make the process of complaining online even easier.



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## Developing as a responsible corporate employer

During the year, LGSCO became a member of Business in the Community, a charitable organisation viewed as a beacon for responsible business in the UK which engages its members to work together for a better society as responsible corporate employers. Membership provides access to expertise, resources, and advice to further develop our organisation, including helping to promote diversity and inclusion.

One of the early actions we have taken is to complete Business in the Community's 'Responsible Business Tracker', a comprehensive performance tool to analyse what we are already doing as an employer and suggest how this might be improved, benchmarking with other organisations where it is relevant to do so. Results from this exercise will help to shape how we develop and learn over the coming year.

## Equality, Diversity & Inclusion at the LGSCO

The killing of George Floyd and the Black Lives Matters movement created a new and timely focus on the experiences of people of colour in the world generally and the LGSCO specifically. This catalyst for change led to the Equality, Diversity and Inclusion (EDI) Group being re-established, sponsored by the Ombudsman. The role of the EDI group is to ensure that the LGSCO promotes equality across all protected characteristics and considers all forms of discrimination, with an initial focus on race and religion.

The Group has been taking action in four areas to promote the LGSCO's equality duties:

- > As an employer, by ensuring recruitment, training, promotion, and career opportunities are fair and equally open to all
- > As a service provider, by ensuring that all communities have equal access to our service and to justice
- > As an investigative body, by ensuring that we address complaints about injustice arising from racism and discrimination thoroughly, as part of our core complaints function
- > As an organisation that cares about our staff wellbeing, by ensuring that we do not tolerate racism, discrimination, and abuse that is targeted at our staff

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An EDI action plan was developed around five key areas:

- > Awareness – ensuring that everyone in the organisation has an awareness of discrimination including unconscious bias and what it is like to be Black in Britain
- > Casework – ensuring that within our casework we are robust and consistent in challenging accusations of racism to hold councils and bodies in jurisdiction to account and support our staff
- > Accessibility – gathering data about the users of our services to evidence that Black, Asian and other minority ethnic people are using our services and the LGSCO is accessible to all communities
- > Recruitment and Development – reviewing how we recruit staff especially in investigator and senior management roles; ensuring we apply equal access to involvement in project work
- > Support – ensuring all staff feel supported in the workplace by enabling the set-up of support networks

Some of the actions taken during the year include:

- > Starting a conversation which encourages open discussion among all staff, to ensure everyone is aware of this agenda and how they can contribute to it
- > Reviewing our unconscious bias training
- > Encouraging all staff to record their protected characteristics on our HR system
- > Reviewing the positive action statement included with application forms to reassure candidates why we collect data and what we do with it
- > Introducing a standard EDI impact assessment as part of our business planning

- > Revising the case study used in the recruitment of investigators

## Joint working with other bodies

We continued to search out new ways to collaborate with other bodies, whether to disseminate new ideas, share skills and resources, encourage innovation, or to share the intelligence from our casework. We have also worked with other ombudsman schemes to improve access and signposting between services, recognising it can be difficult for members of the public to understand which body they need to contact in the first instance.

We have a system in place to track, monitor and report on all our stakeholder activity. This is reviewed every six months by the Executive Team. Despite the changes brought about by COVID-19 we were able to maintain an effective level of engagement, exploring our policy priorities and sharing information with stakeholder bodies including, amongst others, the DLUHC, the Housing, Communities and Local Government Select Committee, the Department for Education, the Department for Health and Social Care, the Local Government Association, the National Audit Office, the Care Provider Alliance and Lawyers in Local Government.

As usual, we also maintained effective engagement with other Ombudsman schemes, relevant regulators, and other bodies where collaboration can help to provide better overall services to the public. Some specific examples of ongoing joint work are highlighted overleaf.



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## The Care Quality Commission

An Information Sharing Agreement and Memorandum of Understanding exists between the LGSCO and the health and social care regulator, the Care Quality Commission (CQC). Where we find there has been a breach of fundamental standards (the standards below which care must never fall) we send CQC a copy of our final decision, at the time of issue. This information is used by CQC to identify risk, inform inspections and highlight national and regional trends. Historical cases of poor care have shown the importance of how care providers learn from complaints, take appropriate action and identify service improvements.

We work together to ensure that individual callers to either organisation are directed to the right place. During the year CQC, having gathered relevant intelligence for regulatory matters, signposted over 3,000 callers to the LGSCO for their individual complaint to be investigated.

Both organisations have faced challenges with the operational demands presented by COVID-19. The established partnership working and our regular senior-level meetings have enabled us to share information in a timely manner.

## Ofsted

Our working arrangements with Ofsted remain positive and robust. Alongside sharing upheld decisions in relevant subject areas, we have provided a detailed breakdown of complaints statistics on children's social care cases to help inform and target future inspections. We remain committed to exploring ways to bridge the gap between our service and the Inspectorate and Regulator.

## The Housing Ombudsman

LGSCO has worked closely with the Housing Ombudsman Service, which looks at complaints about certain housing matters, particularly complaints about local authorities acting as social housing landlords. We have set out how we work together in a memorandum of understanding, published on our website, which explains how we interpret our organisations' jurisdictions. This ensures clarity in how we handle potential complaints at the early stages and how we 'signpost' individuals to one another when appropriate. Throughout the year we continued to meet with the Housing Ombudsman and senior managers at the organisation, to ensure our responses to the pandemic were properly co-ordinated, share feedback and information from the sector and identify opportunities for joint work, such as sharing drafts of our information leaflets and checking whether cases may be suitable for joint investigation.

## The Parliamentary and Health Service Ombudsman

LGSCO and the PHSO continued to hold regular meetings to share information and work together on issues of joint concern. We each shared our approaches to COVID-19, both in terms of casework and the impact on staff, shared experiences of home-based working, discussed our approaches to achieving policy changes, considered the development of our longer-term plans and committed to updating a memorandum of understanding between both organisations.

In particular, we worked together to oversee the arrangements which both organisations have in place to handle complaints which span both our jurisdictions: when members of the public have complaints about both health

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and social care organisations. For some time we have recognised the challenges faced by people where the apparent failings are not limited to one body but involve two or more different bodies who should be working together but appear not to be doing so. We have avoided replicating any divisions between health and social care by creating a single team comprised of professional staff from both organisations, trained to look at both sets of issues – social care and health – in a ‘joint’ investigation.

The team is hosted and managed by LGSCO with the delegated authority of both Ombudsmen to look at any relevant matters, irrespective of whether they relate to health or social care. The work of the ‘joint team’ is overseen by both organisations and key performance indicators are shared regularly within LGSCO and PHSO to ensure it is working effectively. Last year, we particularly discussed the potential for the number of cases going to the joint team to increase significantly because of COVID-19 and committed to monitor this closely.

## External advisory forum

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

A new panel had undertaken their first meeting in February 2020 but activities were paused when COVID-19 restrictions came into force. When these activities restarted in 2021, previous participants were given the opportunity to continue their involvement, while we also recruited additional members. Meetings take place remotely and the LGSCO will be asking the forum to review some of our advice documents and test the new version of our online complaints service.

## Health and Social Care Regulators’ Forum

LGSCO continued to contribute to the work of this forum of national bodies which each has a remit overseeing certain aspects of health and social care. The forum has continued to meet virtually during the year, sharing information and updates, as well as continuing to identify areas where some or all of the member organisations can collaborate. LGSCO has contributed to the development of an Emerging Concerns Protocol which is currently being reviewed to ensure it is a useful tool in helping national bodies to work together to identify and respond to any serious concerns which may arise.

## The Ombudsman Association

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

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## Impact of the pandemic over the course of the year

As with all public-facing bodies, the impact of COVID-19 on our work and the decisions we have had to take has been significant, over the whole year. Here, we have set out some of the key aspects of how the pandemic had an impact on our work, and the actions we took as a result.

### Our initial response

We were able to respond rapidly and effectively to the significant events at the start of the year, ensuring we complied with Government advice at each point and retained the ability to operate most of our usual business functions normally.

This was significantly assisted by well-established business continuity arrangements, which had been thoroughly tested prior to this period, and LGSCO's long standing commitment to agile working and multi-site virtual meetings, which meant there were few cultural, behavioural or practical barriers to us moving to home working for all staff in line with national advice. Most staff were already equipped to work from home and familiar with doing so.

We maintained positive internal communication with staff throughout, using established channels, supplemented by an all-staff message every morning. This updated everyone on the latest position at LGSCO, linked to Government advice, and provided positive personal stories about how people had adapted to the developing situation. This daily connection was well received and welcomed by staff isolated at home.

Initially, the only part of the business that we had to close for internal operational reasons was our first contact (Intake) service. Because of the nature of their work, these staff were not immediately able to work from home, and new systems of work were required to operate the first contact service on a remote basis. So, following national advice for all staff to work from home, we temporarily closed this service for all new phone, post and email enquiries, whilst we equipped the team with the necessary equipment and developed new procedures.

These new arrangements were in place within days of closing and we were ready to re-open the Intake service within a week. However, we made a policy decision to keep the service closed for a period as described below. In response to Government advice to limit gatherings, we also suspended all our external local authority training.

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

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In April 2020 we published Principles of Good Administrative Practice during the response to COVID-19. This built on our existing principles of good practice developed with the sector, setting out a reminder of the importance of principles such as the need to:

- > Keep basic records as a clear audit trail for important decisions including departing from normal practice
- > Ensure frontline staff understand and are able to use new and adapted policies
- > Make clear, evidence-based decisions, explained in the circumstances of that decision
- > Explain the reasons for delay and deviation from normal complaint handling processes

## **Our decision to pause our external work during the initial lockdown**

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

More widely, we were conscious of the Government's calls to lift burdens from frontline public services where possible and moves by CQC and Ofsted to suspend routine inspections. We decided it was in the wider public interest to temporarily suspend enquiries of local authorities and care providers, and to not take new complaints, which we knew the sector could not progress. We contacted all complainants to inform them of the temporary suspension of their case and communicated this to all key stakeholders and the public. Other Ombudsman services made similar decisions. We were clear in our communications that we were ready to investigate any complaints about this period when we re-started routine work and no one would be denied access to justice because of the suspension. During this time we developed a list of projects and work activities that casework staff could progress without impacting on external bodies.

Following a gradual and measured approach to re-engaging with councils and care providers on casework, to avoid distracting them from frontline service delivery, and consultation involving more than 200 councils plus care provider representative bodies and others, the phased re-start of our casework began in June 2020, once we were confident that bodies were in a position to handle our requests. Feedback since has indicated this was the right course of action to protect the capacity of local authorities and care providers to deliver front line operations.

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## **Our decision to remain open during subsequent restrictions**

Following the pause at the start of the year, we remained open to new complaints and continued with our investigative work for the remainder of 2020-21. Although, clearly, some of the subsequent restrictions re-introduced were similar, we judged the context to be different. For example, when new restrictions were imposed in January 2021, we were aware that local authorities and care providers had adopted new ways of working and put in place processes and procedures to enable them to continue to work under differing levels of restrictions.

We recognised that there would be delays dealing with individual bodies in our jurisdiction as their staff had to manage issues like childcare and we continued to be flexible about deadlines. This decision was also informed by the Government's advice that the majority of public services should continue, including courts and probation services and services provided to victims. We continued working in this way past the end of the 2020-21 year until restrictions fully lifted in the summer of 2021.

## **Establishing a specialist COVID-19 team**

From the early stages of the pandemic, the Government introduced new legislation and guidance to councils and care providers, including the Coronavirus Act 2020, setting out a range of important flexibilities including 'easements' to the Care Act. Other guidance issued related to temporary changes across almost all council service areas, including children's services, adult social care, education, planning, housing and homelessness, benefits, and council decision-making arrangements.

The guidance needed to be issued at short notice and regularly updated; some legislation had different review deadlines and expiry dates; and some new measures were only available to those councils who applied to the Government. LGSCO tracked, as far as possible, each of these changes, how they applied, at what time, and to which specific organisations. From the outset, we knew this would be necessary in order to properly investigate complaints about what happened during the period covered by the pandemic. We anticipated a significant number of complaints would refer to injustice caused by alleged faults in how councils and care providers implemented these new COVID-19 ways of working.

We realised, due to the extent of this new and frequently changing legislation and guidance, we needed to create a specialist team by redeploying staff – which we did in June 2020 – to deal with COVID-19 complaints, taking a consistent approach by developing new areas of expertise, sharing information and drawing out key emerging issues. We were also clear any investigation of COVID-19-related complaints needed to be proportionate, taking full account of the difficulties being faced by councils and care providers.

During the year, the team considered nearly 600 cases involving COVID-19, of which more than 400 were ones where the COVID-19 legislation and guidance was central to the matter complained about. Following an initial investigation by our Assessment Team, we decided 365 cases would have a detailed investigation. The most common types of complaints we received in the first year concerned how councils had administered grants and rate relief for businesses, how school admission appeal panels had operated and matters relating to adult social care, such as how councils had assessed, planned and



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met care needs during lockdown and how care providers had provided care and support. We anticipate the balance of complaints will continue to evolve as complex adult social care and children's services complaints make their way through local complaints processes.

We are committed to sharing our learning from these cases by publishing a thematic report in due course and we stand ready to participate in future public inquiries by sharing relevant learning from our investigations, should this be necessary.

## Impact on our casework

The COVID-19 pandemic has had a direct impact on our casework in a number of ways which, taken together, have serious longer-term implications for the stability of the service.

Firstly, the temporary closure of the service meant that, in April, May and June we had many hundreds of cases in hand which we had no way of progressing. By the time we could progress the – now delayed – cases, demand on the service had risen, caused by complainants bringing their cases to the Ombudsman that they were unable to bring in the previous weeks. The net effect of this is a “bulge” of cases in the system which we have been unable to progress in the normal way. Secondly, many staff experienced restrictions in the time available to work during lockdown, due to childcare and other responsibilities, leading to a significant reduction in staff capacity during the year. Thirdly, as we extended the time periods for councils and care providers to respond to our enquiries and information requests, and have introduced a range of other flexibilities, this has slowed progress with investigations, leading to further pressure on the backlog of cases. Finally, setting up a specially trained team of investigators to handle cases which are

more complex due to the changing COVID-19 legislation and guidance, has meant pulling staff away from across our casework functions and further reduced the speed with which we can deal with complaints.

We believe the effects can be mitigated by a small number of additional investigators, providing we can act without delay. We therefore requested a modest level of financial support for this from DLUHC at the beginning of 2021.

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

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LGSCO's Chief Executive is appointed as Accounting Officer of the Commission. The Accounting Officer has responsibility for:

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

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

The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its net resource outturn, application of resources, changes in Taxpayers' Equity and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and, in particular, to:

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



# Governance statement

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## The Commission: membership and responsibilities

### The Commission for Local Administration in England

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

The Commission is responsible for:

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

During 2020-21, Michael King, the Local Government and Social Care Ombudsman, chaired Commission meetings. Rob Behrens CBE was an *ex officio* Commission member as part of his role as the Parliamentary and

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

### The Ombudsman

Michael King continued to hold the post of Ombudsman as he has since January 2017. This is a Crown appointment with a fixed term of seven years. Under the Local Government Act 1974, the Ombudsman is given personal authority to investigate complaints, but on a day-to-day basis decisions on casework are made on behalf of the Ombudsman by staff throughout the organisation, in line with a formal scheme of delegation. This enables the organisation to comply with statute and for all casework matters, such as conducting investigations, exercising statutory discretion, determining the outcome of complaints, recommending remedies, and publishing casework outcomes, to be carried out efficiently by staff through delegated authority. The exercise of these quasi-judicial functions is independent of the Commission, government, and local government, and can only be challenged by way of judicial review. Therefore, accountability in relation to casework matters is direct to Parliament.

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

Committee for Housing, Communities and Local Government.

The Commission's powers and duties which arise from the Local Government Act 1974 have been set out in summary form to guide the work of the Commission and ensure there is a clear understanding of the statutory powers and responsibilities, and how these are reflected in the work of the Commission.

A Framework Document has also been agreed with the DLUHC, setting out the arrangements for the governance of the Commission and the respective responsibilities and accountability of the Commission, its Chair, the Accounting Officer, the Secretary of State for Levelling Up, Housing and Communities and officials in DLUHC.

These governance arrangements were the subject of an independent review carried out by Robert Gordon in 2013 on behalf of the Government. This review was highly complimentary about the arrangements in place but noted that the Local Government Act 1974 needed updating. This would, for example, provide a proper statutory basis to operate with one Ombudsman (there were previously three) and would also be an opportunity to create a single unified Public Service Ombudsman service. In December 2016, the government published a Draft Bill, to achieve this but has now stated there is no intention to proceed with these changes in the foreseeable future.

Therefore, LGSCO continues to press for opportunities to incorporate the governance changes proposed in Robert Gordon's review and takes the opportunity, whenever possible, to formally highlight the need for legislative change with Government and the Select

## The work of the Commission

Commission and committee attendances in 2020-21 are shown below.

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

\* Carol Brady's term ended 30 June 2020.

A wide range of business is considered at Commission meetings including:

- > progress made against the annual business plan
- > our performance measured by key performance indicators
- > progress in relation to published quality and service standards
- > expenditure against the agreed budget
- > a range of reports on key issues including

measures taken during COVID-19 and other matters the sector and related bodies face

Using a combination of narrative commentary on issues which need highlighting and graphs, showing changes over the course of time, reports effectively provide the Commission with the information it needs to get a holistic view of the organisation. The Commission also oversees strategic risk, advised by the Executive Team and the Audit and Risk Assurance Committee.

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

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to its work or identified by the Commission as being of interest. Over the year, these workshop sessions included:

- > Ombudsman Reform: New Strategic Agenda – discussion and exploration of the current policy landscape and development of a three-year policy strategy
- > Developing a Complaint and Service Improvement Programme
- > Commission members also attended a meeting with LGSCO managers in which the members helped to develop the new business plan and Three-Year Plan
- > An overview of legal challenges and how the risk of legal action is managed

## Commission and committee performance

Members of the Commission, and the Chair, are responsible for managing their own personal development. Developing and building on their skills and knowledge, in line with their roles, Commission members can suggest any training they think they may need, and it will be considered.

In terms of individual and collective performance, Commission members agreed to use the same format as last year, and so members completed a self-assessment questionnaire in late 2020-21. Responses were used to inform individual one to one meetings with the Chair, Michael King, where they discussed board effectiveness and any support LGSCO could provide to help individuals' continued learning and to promote best practice.

## Quality standards

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

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

LGSCO monitors adherence to these standards throughout the year and any necessary actions are discussed and agreed on a regular basis, at the appropriate management committee responsible for the quality indicator. There are several different indicators for each standard (33 in total) which show whether, and to what extent, we are meeting the standard. The status of each is either red (standard not met), amber (standard just missed) or green (standard met). These ratings are reported on a quarterly basis to the Commission, along with a commentary about any changes and the actions being taken where necessary. This provides the

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

There were particular challenges in maintaining high quality standards during such an unpredictable year but, in spite of this, we maintained a relatively high level of adherence in the majority of areas. At the end of the year, four ratings were red, two were amber and 27 were green. Achievement of the standards and each of their individual indicators is set at a challengingly high level, to help the organisation focus its efforts where they are most needed. For example, one of the few red ratings relates to LGSCO's target of completing all assessment investigations within 20 working days. Another two were related to questions in our customer satisfaction survey, where we saw lower than usual scores, but which were likely affected by the pause in our casework caused by the pandemic. The final standard marked red was about a dip under our target of 90% of decision statements being judged reasonable and defensible when reviewed by managers. This was deemed a learning exercise for some individuals rather than a systemic issue that required addressing.

## Principles of public life

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

## Register of interests

Members of the Commission and LGSCO's senior executives are required to complete a declaration of interests disclosure form. A register of all interests is published on the LGSCO website. In 2020-21, there were no conflicts of interest that might compromise

LGSCO's independence or reputation. Details of members' interests are available on the register of interests at <https://www.lgo.org.uk/information-centre/about-us/who-we-are/our-boards/commission>

## Staff survey

Last year we changed our approach to use the market leader Great Place to Work (GPTW) to refocus the staff survey to make it more collaborative and identify what matters most to staff. Our 2020-21 survey ran in February during the third COVID-19 lockdown. Our response rate continued to be extremely high at 89%, giving us confidence the results are truly representative.

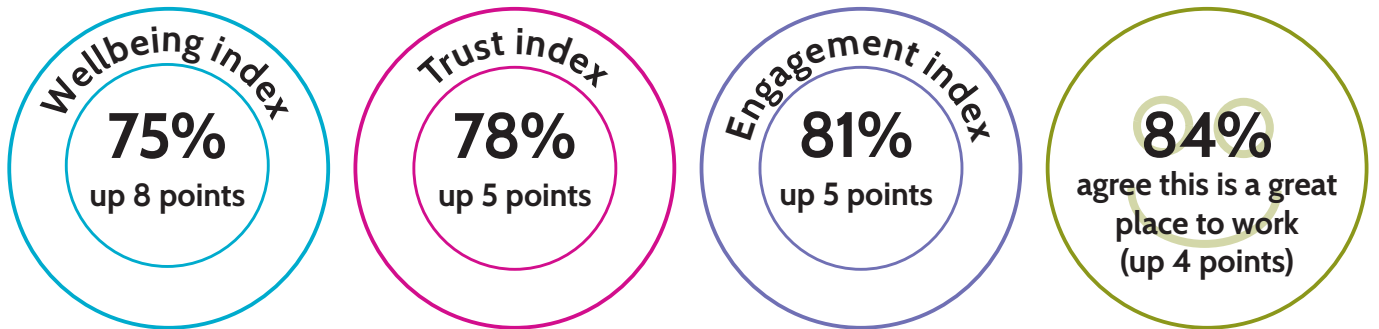
It was a challenging year but everyone in LGSCO played their part in supporting our work and the way people came together and supported each other really came through in these results.

Using last year's results as our baseline, we improved in 63 out of the 74 statements in the survey and in all but one of the thematic categories. In some categories the percentage point improvement was in double figures. Encouragingly we saw improvements in the areas we focussed on last year like wellbeing, communication and involvement and management values and behaviours.

Our survey measures relationships and focuses particularly on trust and engagement. The Trust Index measures how much we trust the people we work with - from colleagues to line managers to the senior team. Last year our Trust Index was 73% and this year it has gone up by five percentage points to 78%.

The Engagement Index has gone up five percentage points this year from 76% to 81%.

## Staff survey results - key index results



In last year's survey, wellbeing was one of our lower scores. So it's encouraging to see the score in that index increase particularly as COVID-19 has brought wellbeing challenges for our mental health and a shift to a home working environment. The Wellbeing Index increased by eight percentage points from 67% to 75%.

And when asked directly, more people said they felt this is a great place to work – up four percentage points from 80% last year to 84%.

We will use the results in the coming year to do more of what makes it a great place to work, and less of what doesn't. We will be continuing our focus on equality, diversity and wellbeing, and other areas covered in the survey, through the work set out in our Three-Year Plan, and its first annual Business Plan.

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

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



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

The Audit and Risk Assurance Committee advises the Commission and Accounting Officer. Deep Sagar is an independent member of the Commission and the Chair of the Audit and Risk Assurance Committee. Prof. Stephen Perkins and Frances Harrison are the other members of the Committee. For the first quarter of the year, Carol Brady MBE was also a member of the committee until her term ended 30 June 2020. The Commission Chair also attends meetings in an advisory capacity. The Accounting Officer, Head of Finance and representatives of our internal and external auditors, and a representative from our sponsor department, DLUHC, also attended Committee meetings. Minutes of meetings, including any recommendations, and the Committee's annual report, are reported to the Commission. At every meeting, the Committee consider what issues or matters, if any, the Committee should take forward to the Commission.

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

- > probity
- > regularity (including compliance and financial reporting)
- > prudent and economical administration
- > efficiency and effectiveness as identified by internal and external audit
- > performance of the Commission's system of internal control
- > monitoring and scrutinising the work completed during the year by RSM UK, the Commission's internal auditors

The Committee met four times in 2020-21. The HM Treasury Audit and Risk Assurance Handbook and the good practice principles inform the duties of the Committee.

The Committee continued to monitor strategic risks. During the pandemic, it was important the Committee stayed up to date with the fast-paced landscape and remained satisfied risks were being effectively managed. The Accounting Officer continued to provide a verbal update at each Committee meeting and the Committee had a confidential meeting with the Internal and External Auditors.

The Committee continued to ensure it maintained a good level of knowledge and received the assurance that risks and financial controls were being appropriately managed. The Head of Finance provided an update at every meeting about any financial developments, in addition to the mandatory financial information reported at every Committee meeting. The Committee undertook 'deep dives' into areas of business in which it wanted to seek assurance about controls.

The 2020-21 internal audit plan contained two agreed audits and a piece of advisory work. The details of audit work and associated assurance opinions, are set out in the table in the Internal Audit section.

In addition to monitoring audit recommendations at its meetings, the Committee also received regular reports on fraud and other financial matters, such as the percentage of suppliers paid on time, the number of retrospective purchase orders raised and special payments. The Committee also received annual reporting about Gifts and Hospitality, and Whistleblowing. The Annual Fraud Assurance Exercise was completed by the Leadership Team, led by the Accounting Officer and the Head of Finance. The exercise



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involved managers from Leadership Team looking at key business risks and reviewing whether they are effectively managing risk, adhering to the Fraud and Bribery Policy including non-financial fraud, bribery and corruption, and are complying with financial regulations and financial instructions. Managers confirmed there were no significant areas of concern and gave assurance there were no incidents of fraud or bribery during 2020-21. The minutes recorded manager assurance they had no material concerns about the operation of LGSCO controls in relation to fraud, bribery, financial control and risk. This year, the Whistleblowing policy was highlighted again to managers as part of the annual fraud assurance. Staff were reminded of the policy, its application and where they can access the information.

The Audit and Risk Assurance Committee produced an annual report on its work, which was presented to the Commission. The Committee reported there were no significant issues arising this year. The Committee also reviewed the draft Annual Accounts for 2020-21, including this Governance Statement, and submitted comments on these before their approval by the Commission.

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

Considering all the evidence, the Committee recommends the Accounting Officer can rely on and be satisfied the control framework,

governance arrangements and risk management processes are operating properly and sufficient for the Commission's needs.

## Internal Audit

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

Follow-up work arising from recommendations from audits was also included in the work programme with the Audit and Risk Assurance Committee monitoring progress against the actions at all meetings. To undertake this work, RSM UK and the external auditors, Deloitte, on behalf of the National Audit Office, had access to the Audit and Risk Assurance Committee and its Chair, the Commission and its staff, as appropriate.

The Project Management Arrangements audit looked at the project management framework, testing whether it allowed the LGSCO to plan, deliver, monitor and review projects effectively.

The Accounts Payable (Creditors) audit work involved sample testing of purchase requisitions, orders, invoice payments, BACS processing and credit notes to assess the control framework for Accounts Payable.

The Key Performance Indicators advisory work assessed the framework that supports the Key Performance Indicator (KPI) reporting process. The '4questionnaire' electronic survey system was used to get the views of staff involved on the appropriateness and availability of the

Ombudsman’s performance data from a user’s perspective. Comparisons with other similar organisations enabled RSM UK to determine whether KPIs were consistent with other examples.

RSM UK provided assurance on these audits, as per the table below, using a four-point scale of:

- > Substantial assurance
- > Reasonable assurance
- > Partial assurance
- > No assurance

Recommendations from audit work and management responses were considered and monitored by the Executive Team, and discussed, recorded and fed back to RSM UK. Recommendations and management responses were reported at each Audit and Risk Assurance Committee meeting, so the committee could monitor progress and implementation. At the end of the year, all recommendations had been implemented.

Based on the work undertaken in 2020-21, the Head of Internal Audit provided the Audit

Audit	Assurance level
Project management arrangements	Substantial
Accounts Payable	Reasonable
Key Performance Indicators Framework (advisory)	N/A

and Risk Assurance Committee with an overall assurance assessment. We received the second-highest assurance level – having adequate and effective risk management and internal controls, but with some work identified to ensure it remains at that level.

## The Management of Risk

LGSCO has a well-established system for managing risk. The strategic register sets out consequences, actions and mitigations for seven strategic risks that would prevent us achieving our long-term aims and are also linked to commitments in the annual business plan where relevant. This is reviewed regularly by the Executive Team and is updated, for example when there are significant changes to the organisation itself or the environment in which we work. The impacts and mitigations set against each of these risks are also regularly assessed and reported to the LGSCO’s Audit and Risk Assurance Committee, along with our risk assurance map, which sets out the sources of information which inform our assessments. Strategic risks are also reported to the Commission and the updated strategic risk register is shared regularly with DLUHC.

This strategic risk register is informed by a more detailed operational risk register, regularly reviewed and ‘owned’ by relevant managers. Where operational risks are highlighted as particular concerns, they are discussed and appropriate action is taken including, if necessary, escalating the issues within the organisation. Escalated issues also inform the strategic register. This is overseen by the Executive Team but involves managers who are closest to the issues to ensure the registers are properly informed. LGSCO’s overall approach to risk is set out in our risk management policy.

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

The risks rated as Amber relate to: our service having reduced capacity to deal with the high demands placed upon it, partly as a result of COVID-19; challenges in being able to improve

local services in the way were able to do before lockdown restrictions were in place; and the fact that we have been operating with a significantly reduced budget over recent years, limiting the organisation's resilience to change and, ultimately, our ability to fulfil our statutory role.

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

The first two of these risks are directly related to COVID-19 and we have mitigations in place to manage the impact while the effects of the pandemic are still being felt. The final risk has been highlighted to DLUHC which is responsible for setting our budget, and this remains our most significant longer-term concern.

The Commission and the Audit and Risk Assurance Committee is satisfied that, during the year, risk was properly managed and effective mitigating action was taken where needed.

## Information security

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

We have maintained an overview of our policies and procedures to ensure they are fit for purpose, responding to incidents and ensuring any learning is implemented across the organisation. This included new guidance to adapt to the increased use of virtual online meetings, ensuring this worked smoothly without compromising personal data in any way.

Despite most of us working from home all the time because of COVID-19, we delivered data protection and information security refresher training using a pre-recorded video and all new starters completed on-line GDPR training.

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

While the number of requests we received for Data Protection rights such as erasure and rectification increased in the year, requests received for access to someone's personal data and Freedom of Information dropped in number. This fall mainly happened during the initial lockdown period at the beginning of the year and just after that, probably influenced by the pause in our casework.

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Through the Information Working Group we reviewed potential data security incident reports, identifying learning and implementing individual and organisation-wide changes. One such change was developing an automated pre-publication check on decision statements to further reduce the risk of a name remaining in a published version. The Group has also kept a focus on any data breach risks from our casework, amending policy and process where any new vulnerabilities were noted, and ensuring staff were reminded of specific areas of policy.

During the year our new webform included the option for the complainant to select the body they wish to complain about. We replaced some of our servers, a move which will also increase information security and there were no significant security risks or Security Policy Framework exceptions during the year. We chose to self-report two information-related issues to the Information Commissioner. One affected three individuals, and it was confirmed that no further action was necessary, beyond the steps taken and learning already implemented. The second affected one individual and we had yet to receive any feedback at the year-end.

## The Remuneration and Appointments Committee: membership and responsibilities

The Commission's Remuneration and Appointments Committee advises and makes recommendations to the Commission, its Chair and its Accounting Officer on the appointment, performance management and remuneration of senior staff within the organisation, and the reward schemes for other staff. The Committee also provides insight and support on people development and succession planning across the organisation, and continued to monitor the development of the Learning Organisation initiative, Total Reward for staff and our human resources strategy.

The Committee met three times in 2020-21, chaired by Prof. Stephen Perkins. Deep Sagar, Frances Harrison, and Michael King, Chair of the Commission, are members of the Committee. Carol Brady, MBE, was also a member of the Committee until her appointment ended 30 June 2020. The Head of HR and the Accounting Officer attended meetings to advise the Committee, except in matters relating to their personal remuneration.

Over the course of the 2020-21 year, the Committee:

- > considered performance management, staff development and succession planning throughout the year, providing support and advice
- > became involved in the Equality, Diversity and Inclusion Group, providing strategic direction and support, delegated by the Commission

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- > reflected on the application of the Exceptional Contribution Award Scheme ensuring the scheme procedure was followed to ensure fair, consistent application of the scheme
  - > received regular progress updates in delivering the Learning Organisation business plan initiative and monitored the Recognising Great Work Scheme
  - > had oversight of the new Staff Survey and progress made in delivering action based on the priorities identified from the results
  - > received information about staff experience and wellbeing during COVID-19 and considered how current working arrangements could influence the future workplace
  - > reviewed its own terms of reference to ensure it reflected accurately the work of the Committee to make sure it is fulfilling its purpose and using best practice to inform its work

## Adherence to service standards

LGSCO played a leading role, along with others in the Ombudsman Association, to share best practice and help Ombudsman schemes benchmark effectively by developing a common framework of service standards. When the Ombudsman Association first launched this framework we were amongst the first bodies to implement it and the results are published on our website. We remain confident our own quality and standards and internal procedures are aligned with the framework. But to ensure this is the case, we have recently embarked on a review of our adherence against the entire framework. After the results of this exercise are considered by our Audit and Risk Assurance Committee, they will also be published on our website.

## Independent external reviewer

As in previous years, LGSCO has used an external independent reviewer to audit a randomised selection of our case files, to identify areas where we can learn and improve. Cases are drawn from those where the complainant had a reason to express dissatisfaction with some aspect of the case handling, and the external reviewer is invited to make recommendations where relevant to help the organisation to improve. This also helps us to ensure staff and managers are responding properly to such complaints, in line with our established quality standards.

Professor Cosmo Graham is our independent external reviewer. He is a Professor of Law at the University of Leicester and the Director of the Consumer and Essential Services Unit which explores the effects for consumers of regulation and provision of essential services. He has a long-standing interest in improving customer service in the public sector and has carried out empirical research into private sector Ombudsmen. He has also been a member of the Competition Commission where he considered a number of highly contested merger and market inquiries.

Professor Cosmo Graham's independent report is set out below.

## Statement from the External Reviewer

*"I was appointed as the External Reviewer for the Local Government and Social Care Ombudsman in 2020 as the successor to Mr Graham Manfield who had been in post since 2014. My role is to look at a sample of service complaints, report on how well the Ombudsman responds to them, identify good practice and make recommendations if*



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necessary. My reviews and recommendations are intended to reflect a user-led vision of the Ombudsman's service and are considered as part of the Ombudsman's quality assessment processes to promote wider service improvement and learning.

I undertook reviews in August and February. The August review was conducted jointly with Mr Manfield as part of the hand-over. The reviews covered a wide range of the Ombudsman's processes. We found that in all twenty cases the complainant's concerns had been taken into account appropriately by the managers. Four recommendations were made and accepted. The first was that guidance on managing unreasonable complainant conduct should be reviewed to ensure consistency and clarity in respect of complainants threatening harm and the handling of difficult telephone calls. The second was that guidance should be issued to ensure that conversations with complainants do not take place whilst they are driving a vehicle. The third was to amend the Call Recording Protocol to allow recordings to be kept for longer for the use of the External Reviewer or where the complaint is resolved through a telephone call. The final recommendation arose from a case where the complainant was unable to understand written communications because of literacy issues. I recommended that particular care is taken to record the need for reasonable adjustments and to ensure that those adjustments were implemented.

Recorded telephone conversations were very useful in reviewing a number of the complaints. They also gave me a useful insight into the interaction between staff and complainants and I was impressed with the patience and politeness of staff during these interactions. All the complaints that we reviewed were dealt with within the published timescales with one exception. I was impressed by the speed with

which managers responded to complaints which was well in advance of the published timescale. The written responses were all clear and well-written.

My first year as reviewer has coincided with the COVID-19 pandemic which had a significant impact on the working practices of the Ombudsman. Although this was a major challenge for the Ombudsman, and was reflected in some of the complaints I reviewed, I was pleased that it did not seem to have an impact on the handling of complaints against the Ombudsman.

I would like to thank my predecessor, Graham Manfield, for his work in creating a system for reviewing complaints against the Ombudsman and also for his help in introducing me into this role. My thanks also go to the Ombudsman's staff for their help in introducing me to the organisation and providing me with all the information that I have requested.

My aim for the future is to try and improve standards in complaint handling and to provide the public with reassurance about the role of the Ombudsman."

**Professor Cosmo Graham**  
**External Reviewer**



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## Conclusion

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

I am satisfied that LGSCO has managed its resources effectively throughout the year, and these resources have been properly focused on delivering a high-quality service which meets our statutory responsibilities, our long-term strategic objectives, and the priorities which are published in the organisation's 2020-21 business plan. I can confirm that the systems in place to identify risks are fit for purpose and have enabled us to ensure we have identified and acted on the significant challenges arising this year in a timely way, as well as mitigating the impact wherever it has been possible to do so. This has truly been a year like no other and I particularly want to highlight the way in which our staff have adapted with little notice and responded positively, continuing to deliver an excellent service throughout difficult circumstances, supporting one another as they did so and continuing to strive to improve what we do at every opportunity.



**Nigel Ellis**  
**Chief Executive Officer**  
**29 November 2021**

# Remuneration and Staff Report

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## Remuneration and Appointments Committee

The Remuneration and Appointments Committee met three times during the 2020-21 financial year and the committee's activities are reported to the Commission.

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

- > Prof. Stephen Perkins
- > Deep Sagar and,
- > Carol Brady MBE - Carol's term ended 30 June 2020
- > Frances Harrison.

There was a slight overlap between two members, an incoming Independent Advisory Member to replace a member whose term was coming to an end, and so for the first quarter of the year, the Committee had four members.

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

## Remuneration Policy

For 2020-21 a 2.75% pay award was granted with effect from 1 April 2020 (2019-20 - 2.0%).

## Ombudsman

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

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

## Ex officio Commissioner

Rob Behrens CBE is an ex officio Commissioner and the Parliamentary and Health Service Ombudsman (PHSO). The PHSO is not remunerated in respect of his statutory responsibilities as an LGSCO Commissioner.

## Advisory Members

The current members are Deep Sagar, Chair of the Audit and Risk Assurance Committee, Prof. Stephen Perkins, Chair of the Remuneration and Appointments Committee and Frances Harrison.

The members' remuneration consists of a day rate plus out-of-pocket expenses. No pension benefits are accrued. All members are obliged to give three months' notice to terminate their contract. Remuneration paid to Advisory Members is based on the number of days worked, and determined by the Commission in agreement with the DLUHC.

## Senior staff

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

## Chief Executive

The Chief Executive has base pay analogous to Senior Civil Service Band 1 and in addition a London weighting based on the National Joint Council for Local Government (NJC) is paid. Movement up the pay band is by annual consolidated awards on base pay. The

percentage increase is recommended by the Chair of the Commission to the Commission's independent Remuneration Committee based on government pay policy, the Senior Salaries Review Body recommendations and individual performance. Performance-related bonus payments can also be awarded. These are non-consolidated but pensionable. These arrangements operate within the guidance provided by the DLUHC for pay for senior civil servants and the Ombudsman and Remuneration Committee will take full account of those requirements when reaching a decision on pay and bonus.

## Directors

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

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

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

		2020-21				2019-20			
Name	Position	Salary £000	Bonuses £000	Pension Benefits £000	Total £000	Salary £000	Bonuses £000	Pension Benefits £000	Total £000
Michael King	Ombudsman and Chair	135-140	-	40	175-180	135-140	-	25	165-170
Nigel Ellis	Chief Executive	105-110	5-10	40	155-160	105-110	10-15	37	155-160
Paul Conroy	Director of Intake and assessment	80-85	-	35	115-120	75-80	-	27	105-110
Karen Sykes	Director of Investigation	65-70	-	34	100-105	65-70	-	20	85-90

### Notes:

1. There were no Benefits in Kind paid in 2020-21 (2019-20: £nil)

## Senior Staff Salaries and Bonuses

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

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

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

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

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

	Total accrued pension at 65 & related lump sum		Real increase/ (decrease) in pension & lump sum at pension age	CETV <sup>1</sup>	CETV <sup>1</sup>	Real increase in CETV
	at 31/3/21		2020-21	at 31/3/21	at 31/3/20	2020-21
	£000		£000	£000	£000	£000
Michael King	60-65		2.5-5.0	1,195	1,126	63
	Lump sum	95-100	(2.5)-0			
Nigel Ellis	20-25		2.5-5.0	304	263	41
	Lump sum	-	-			
Paul Conroy	25-30		0-2.5	402	365	35
	Lump sum	20-25	0-2.5			
Karen Sykes	30-35		0-2.5	515	475	38
	Lump sum	45-50	0-2.5			

1. *Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another scheme or arrangement when the staff member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures and the other pension details include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the LGPS arrangements. They also include any additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.*

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

	2021 £000	2021 £000	2021 £000	2020 £000
	Permanently employed staff <sup>3</sup>	Others	Total	Total
Wages & salaries	8,026	-	8,026	7,456
Social security	897	-	897	828
Other pension costs <sup>1</sup>	1,247	12	1,259	1,026
	<b>10,170</b>	<b>12</b>	<b>10,182</b>	<b>9,310</b>
Temporary staff	-	9	9	58
Redundancy costs	-	-	-	-
	<b>10,170</b>	<b>21</b>	<b>10,191</b>	<b>9,368</b>
Indirect staffing costs <sup>2</sup>	102	-	102	102
<b>Total</b>	<b>10,272</b>	<b>21</b>	<b>10,293</b>	<b>9,470</b>

1. This includes £11,626 (2019-20 £12,804) relating to pension payments to a retired Local Government Ombudsman and a surviving widow.
2. This is related to training costs, payroll bureau fees and staff recruitment costs.
3. Staff costs include the Ombudsman

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

At the end of March 2021, the Commission employed 185 FTE (excluding one agency worker, and excluding the Ombudsman):

	Male	Female
Senior Civil Service equivalents	1	-
Directors	1	1
Employees	63	119
<b>Total</b>	<b>65</b>	<b>120</b>

Average number of full time equivalent staff employed:	2021	2020
Permanently employed	185	176
Other*	0	1
	<b>185</b>	<b>177</b>

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

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

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

There were no redundancies or departure costs in 2020-21 (2019-20 number 0, cost £nil).

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

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

## Off payroll engagements

There were no off payroll engagements in the year.

## Consultants

Consultants are employed when it is better value for money to do so on specific projects when specialised skills are required. During the year, the total expenditure on consultants was £3,300 (2019-20: £12,914).

## Sickness absence data

During the year 1,074 (2019-20: 1,482) working days were lost through sickness absence, 356 (2019-20: 930) of which were due to long-term sickness absence. This equates to 5.8 days per full-time equivalent employee (2019-20: 8.4 days). This compares to a national average of 6.5 days and a public sector average of 7.4 days (as reported by XpertHR, August 2020). The decrease is mainly attributed to unusually high long term sickness last year (1.9 days this year compared to 5.3 days last year and a 5-year average of 4.1 days).

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

	2020-21	2019-20
Band of the highest paid individual total (£000)	135-140	135-140
Median total remuneration	44.5	43.3
Ratio	1:3.1	1:3.2

In 2020-21, no employees (2019-20: nil) received remuneration in excess of the highest-paid Commission member. Remuneration ranged from £21,581 to £140,000 (2019-20: £20,611 to £140,000). Total remuneration includes salary, non-consolidated performance-related pay and



benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. All employees are paid above the living wage rate.

The banded remuneration of the highest paid Commission member in 2020-21 was £135,000-£140,000 (2019-20: £135,000-£140,000). This was 3.1 times (2019-20: 3.2) the median remuneration of the workforce, which was £44,528 (2019-20: £43,336).

## Gender Pay disclosures

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

At 31 March 2021, there is a mean Gender Pay Gap of +11.1% (2020: +11.7%) and a median Gender Pay Gap of +6.7% (2020: +3.7%) between our male and female employees. The Mean Bonus Gender Pay Gap is +44.4% (2020: +59.5%) and the Median Bonus Gender Pay Gap is nil (2020: +79.2%).

	Male	Female
Proportion receiving bonus	31.3%	26.9%
Proportion in each quartile band		
- Upper	47%	53%
- Third	33%	67%
- Second	37%	63%
- Lower	21%	79%
<b>Total</b>	<b>36%</b>	<b>64%</b>

## Trade Unions

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

	Number	FTE
Employment of relevant union officials during the year	9	8.66

% of Time	Number
0%	-
1% to 50%	9
51%-99%	-
100%	-

Total cost of facility time	£1,109
Total pay bill	£10,146,000
% total paybill spent on facility time	0.011%

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

The remuneration of the Advisory Members is as follows:

	<b>2020-21</b>	<b>2019-20</b>
	<b>Total remuneration</b>	<b>Total remuneration</b>
Carol Brady Advisory member (left 30 June 2020)	£1,250 (including £0 expenses)	£6,398 (including £648 expenses)
Prof. Stephen Perkins Advisory member	£5,000 (including £0 expenses)	£5,940 (including £940 expenses)
Deep Sagar Advisory member	£5,000 (including £0 expenses)	£6,189 (including £1,189 expenses)
Frances Harrison Advisory member (Appointed 1 July 2020)	£4,500 (including £0 expenses)	£0 (including £0 expenses)

We work to remove barriers to employees with disabilities and those with long term health conditions to enable them to perform. LGSCO has developed reasonable adjustment guidance so that managers are aware of their responsibilities for employees with disabilities. We aim to ensure our decisions are informed by occupational health advice and medical advice.

Employees with disabilities are offered the same training and development opportunities as any other staff and adjustments are made to attend training as necessary

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

## Employment of People with Disabilities

LGSCO gives full and fair consideration to applications for employment made by people with disabilities. Disability will not form the basis of employment decisions, although LGSCO will accommodate specific requirements which may arise as a result of a disability. Candidates for employment or promotion are assessed objectively against the essential criteria stated within the person specifications for the job.

# Parliamentary Accountability & Audit Report

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

During the year no losses or special payments were made (2019-20: £nil).

## Gifts and hospitality

LGSCO's policy is to not accept any gifts, hospitality or benefits from third parties which might be seen to compromise the personal judgement or integrity of our members or staff. All gifts or hospitality received, not trivial in nature, are recorded in a register. In 2020-21, no gifts or hospitality were received or offered that contravened the Commission's policy or were of an exceptional value.

Throughout 2020-21, staff provided details to the Committee and Governance Clerk who updated the register as and when required. The register is published on the LGSCO website at: [www.lgo.org.uk/information-centre/about-us/who-we-are/our-structure](http://www.lgo.org.uk/information-centre/about-us/who-we-are/our-structure)

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

The Commission does not have any remote contingent liabilities. (2020: none)



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**Nigel Ellis**

**Accounting Officer and  
Chief Executive**

**29 November 2021**

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

## Opinion on financial statements

I have audited the financial statements of the Commission for Local Administration in England for the year ended 31 March 2021 which comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- > give a true and fair view of the state of the Commission's affairs as at 31 March 2021 and of the net expenditure for the year then ended; and
- > have been properly prepared in accordance with International Financial Reporting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

## Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Commission for Local Administration in England 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 Commission for Local Administration in England'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

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relating to events or conditions that, individually or collectively, may cast significant doubt on the Commission for Local Administration in England'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 Commission and 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 Commission for Local Administration in England is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by 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 anticipated that the services which they provide will continue into the future.

## Other information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Commission and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or

otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters

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

- > the parts of the Accountability Report to be audited have been properly prepared in accordance with the accounts direction issued under the framework agreement issued by Department for Communities and Local Government ; and
- > the information given in the Performance Report and the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## Matters on which I report by exception

In the light of the knowledge and understanding of the Commission for Local Administration in England and its environment obtained in the course of the audit, I have not identified 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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- > the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- > certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- > I have not received all of the information and explanations I require for my audit; or
- > the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Commission and Accounting Officer for the financial statements

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

- > the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- > internal controls as the Commission and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- > assessing the Commission for Local Administration in England'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 Commission and the Accounting Officer anticipate that the services provided by the Commission for Local Administration in England will not continue to be provided in the future.



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

My responsibility is to audit and report on the financial statements in accordance with International Standards on Auditing (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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- > Inquiring of management, the Commission for Local Administration in England's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Commission for Local Administration in England's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Commission for Local Administration in England's controls relating to the Local Government Act 1974 and Managing Public Money.
- > discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in management's estimates; and
  - > obtaining an understanding of Commission for Local Administration in England's framework of authority as well as other legal and regulatory frameworks that the Commission for Local Administration in England operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Commission for Local Administration in England. The key laws and regulations I considered in this context included Local Government Act 1974, Managing Public Money, Tax Legislation and Employment Law.

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

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

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists 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.

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

authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**1 December 2021**

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

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

	Note	2021 £000	2020 £000
<b>Operating income</b>	3	(29)	(174)
<b>Operating expenditure</b>			
Staff costs	4.1	10,293	9,470
Pension loss	4.2	1,645	2,736
Accommodation costs	5.1	947	848
Office expenses	5.2	432	424
Professional costs	5.3	540	476
Depreciation & amortisation	7&8	76	46
Meeting & travel costs		7	164
Total operating expenditure		13,940	14,164
Net operating expenditure		13,911	13,990
Net interest costs	6	581	537
<b>Net expenditure for the year</b>		<b>14,492</b>	<b>14,527</b>
Other comprehensive expenditure			
Items which will not be reclassified to net operating costs			
Pension fund actuarial loss/(gain)	13g	12,889	(799)
<b>Total comprehensive expenditure</b>		<b>27,381</b>	<b>13,728</b>

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

All activities are continuing.

# Statement of Financial Position

## as at 31 March

	Note	2021 £000	2020 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Plant & equipment	7	26	38
Intangible assets	8	178	172
<b>Total non-current assets</b>		<b>204</b>	<b>210</b>
<b>Current assets</b>			
Trade & other receivables	9	376	217
Cash & cash equivalents	10	3,212	3,308
<b>Total current assets</b>		<b>3,588</b>	<b>3,525</b>
<b>Total assets</b>		<b>3,792</b>	<b>3,735</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade & other payables	11	(1,377)	(1,223)
Provisions	12	(209)	(90)
<b>Total current liabilities</b>		<b>(1,586)</b>	<b>(1,313)</b>
<b>Total assets less total current liabilities</b>		<b>2,206</b>	<b>2,422</b>
<b>Non-current liabilities</b>			
Pension scheme liability	13e	(40,476)	(25,361)
<b>Total non-current liabilities</b>		<b>(40,476)</b>	<b>(25,361)</b>
<b>Assets less liabilities</b>		<b>(38,270)</b>	<b>(22,939)</b>
<b>Taxpayers' equity</b>			
General Fund		2,206	2,422
Pension Reserve		(40,476)	(25,361)
<b>Total Taxpayers' Equity</b>		<b>(38,270)</b>	<b>(22,939)</b>

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



**Nigel Ellis**  
Accounting Officer  
29 November 2021



**Michael King**  
Chair  
29 November 2021

# Statement of Cash Flows for the year ended 31 March

	Note	2021 £000	2020 £000
<b>Cash flows from operating activities</b>			
<b>Net expenditure for the year</b>		(14,492)	(14,527)
Adjustments for:			
Depreciation & amortisation	7 & 8	76	46
Loss on sale of non-current assets	5.2	-	-
Finance income	3	(2)	(22)
(Increase)/decrease in trade & other receivables	9	(159)	15
Increase/(decrease) in trade & other payables	11	154	296
Increase/(decrease) in provisions	12	119	18
Non-cash pension charge included in net expenditure for the year		2,226	3,273
<b>Net cash outflow from operating activities</b>		<b>(12,078)</b>	<b>(10,901)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant & equipment	7	(11)	(10)
Purchase of intangible non-current assets	8	(59)	(134)
Interest received	3	2	22
<b>Net cash outflow from investing activities</b>		<b>(68)</b>	<b>(122)</b>
<b>Cash flows from financing activities</b>			
Receipts of Grant-in-Aid financing	2	12,050	11,260
<b>Net cash inflow from financing activities</b>		<b>12,050</b>	<b>11,260</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>		<b>(96)</b>	<b>237</b>
<b>Cash &amp; cash equivalents at beginning of period</b>		<b>3,308</b>	<b>3,071</b>
<b>Cash &amp; cash equivalents at end of period</b>	10	<b>3,212</b>	<b>3,308</b>

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

# Statement of Changes in Taxpayers' Equity

	Note	General Fund	Pension Reserve	Total Taxpayers' Equity
		£000	£000	£000
<b>Balance at 1 April 2019</b>		<b>2,416</b>	<b>(22,887)</b>	<b>(20,471)</b>
Grant-in-aid financing	2	11,260	-	11,260
Total comprehensive expenditure for the year		(14,527)	799	(13,728)
Transfers between reserves in respect of pension fund costs		3,273	(3,273)	-
<b>Balance at 31 March 2020</b>		<b>2,422</b>	<b>(25,361)</b>	<b>(22,939)</b>
Grant-in-aid financing	2	12,050	-	12,050
Total comprehensive expenditure for the year		(14,492)	(12,889)	(27,381)
Transfers between reserves in respect of pension fund costs		2,226	(2,226)	-
<b>Balance at 31 March 2021</b>		<b>2,206</b>	<b>(40,476)</b>	<b>(38,270)</b>

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

## Nature and Purpose of Reserves

### *General Fund*

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

the sponsor department each year. Approval from the DLUHC would therefore be needed to draw down on cash reserves, in excess of DEL.

### *Pension Reserve*

This Reserve represents the liability arising from the Commission's participation in the Local Government Pension Scheme, as determined by the scheme actuary. Details of the pension liability are available in Note 13e on page 87 and also in the Directors' Report on page 28.



# Notes to the Financial Statements

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## Accounting Policies

### 1.1 Accounting convention

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

### 1.2 Basis of preparation

The Financial Statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

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

are considered to be relevant. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

#### 1.3.1 Critical judgements in applying accounting policies

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

> **Classification of leases**

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

> **Asset valuations**

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

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### 1.3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning estimation uncertainty at the end of the reporting period, that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

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

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

### 1.4 Grant-in-Aid

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

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

### 1.5 Going concern

As a result of the valuation of pension scheme assets and liabilities, the Commission's Statement of Financial Position at 31 March 2021 shows net liabilities of £38m. This reflects the inclusion of liabilities falling due in future years which, insofar as the Commission is unable to meet them from its other sources of income, would fall, in the last resort, to be met by central Government. Under the normal conventions applying to Parliamentary control over income and expenditure, such funding may not be issued in advance of need, but there is no reason to believe that, if required, funding and Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for these Financial Statements.

### 1.6 Value Added Tax

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

### 1.7 Pension scheme

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

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

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

discount rate and pensioner lifespans. Where actual outturns are significantly different to the selected assumptions, the value of scheme assets and liabilities may be materially different.

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

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

## 1.8 Short term employee benefits

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

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

## 1.9 Tangible non-current assets - plant and equipment

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

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

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

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

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

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

## 1.10 Intangible non-current assets

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

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

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

- > Software licences 4-5 years

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

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and the amortised historical cost of intangible assets.

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

## 1.11 Leases (Commission as lessee)

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

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

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

## 1.12 Financial Instruments

### *Financial assets*

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

Financial assets are initially recognised at fair value.

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

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

### *Financial Assets at Amortised Cost*

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

### *Financial liabilities*

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

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or financial liabilities at amortised cost.

Financial liabilities are initially recognised at fair value.

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## 1.13 Changes in Accounting Policy

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

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

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

## 1.14 International Financial Reporting Standards (IFRS)

IAS 8 requires disclosures in respect of new IFRS, amendments and interpretations that are, or will be applicable after the reporting period.

IASB has issued IFRS 16 'Leases' however, early adoption in 2020-21 is not permitted under the FReM. IFRS 16 will not be adopted by the public sector until 2022-23. The standard largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

LGSCO occupies three premises within the Government estate, each under a Memorandum of Terms of Occupation

(MOTO), all of which meet IFRS16 requirements. Therefore, the most significant effect of the new requirements will be an increase in lease assets and liabilities on the statement of financial position. The value of operating lease disclosed in 2020-21, in accordance with IAS17, for all three properties is £459,000 (Note 15).

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

### *Financial Reporting Manual (FreM)*

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

## 1.15 Provisions

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

## 2. Grant in Aid

The Commission received funding of £12,050,000 from the DLUHC in 2020-21 (2019-20: £11,260,000). Grant-in-Aid is accounted for in the Statement of Changes in Taxpayers' Equity, as discussed in note 1.4.

	2021 £000	2020 £000
DLUHC	12,050	11,260
	<b>12,050</b>	<b>11,260</b>

Represented by:	2021 £000	2020 £000
Revenue	11,975	11,100
Capital	75	160
	<b>12,050</b>	<b>11,260</b>

## 3. Operating income

	2021 £000	2020 £000
Complaint handling training	27	152
Bank deposit interest	2	22
<b>Total</b>	<b>29</b>	<b>174</b>

## 4.1 Staff costs

	2021 £000	2020 £000
Wages & salaries	8,026	7,456
Social security	897	828
Other pension costs*	1,259	1,026
	10,182	9,310
Temporary staff	9	58
	10,191	9,368
Indirect staffing costs**	102	102
<b>Total</b>	<b>10,293</b>	<b>9,470</b>

Analysis of Commissioners'/ Senior managements' salaries can be found on page 59 in the Remuneration and Staff report.

\* This includes £11,626 (2019-20: £12,804) relating to pension payments to a retired Local Government Ombudsman and a surviving widow. In 2020-21, Employer Pension Contributions were comprised of a variable element equal to 15.7% of pensionable salary (2019-20: 13.76%). 2020-21 was the first year of a three year schedule of contributions defined by the scheme's actuary.

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



## 4.2 Pension loss

	2021 £000	2020 £000
Current service costs	2,781	2,895
Past service costs, including curtailments*	-	737
Administration expenses	102	107
Contributions by the employer**	(1,238)	(1,003)
<b>Total</b>	<b>1,645</b>	<b>2,736</b>

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

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

## 4.3 Reporting of compensation schemes - exit packages

The reporting of compensation schemes - exit packages can be found on page 62 in the Remuneration and Staff Report. There were none in 2020-21 (2019-20: nil).

## 4.4 Staff numbers

Information about staff numbers can be found on pages 61 and 62 in the Remuneration and Staff Report.

## 5. Operating expenditure

### 5.1 Accommodation costs

	2021 £000	2020 £000
Rent & rates	943	844
Repairs & maintenance	-	-
Health & safety	4	4
	<b>947</b>	<b>848</b>

Rent costs in 2020-21 include ongoing costs incurred under three different Memorandum of Terms of Occupation (MOTO) at Government Property Agency (GPA) offices in London and Coventry and at DEFRA offices in York.

### 5.2 Office expenses

	2021 £000	2020 £000
Computers & telephone	354	343
Insurance & other office expenses	40	54
Loss on sale of non-current assets	-	-
Furniture & equipment rental	25	27
Postage & stationery	13	-
	<b>432</b>	<b>424</b>

### 5.3 Professional costs

	2021 £000	2020 £000
Legal & litigation	309	259
External audit	41	39
Internal audit	26	24
Commission fees	16	16
Professional fees & subscriptions	55	52
Publicity & research	93	86
	<b>540</b>	<b>476</b>

No remuneration was paid to the external auditors for non audit work in 2020-21 (2019-20: nil).

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

### 5.4 Amounts paid under operating leases

	2021 £000	2020 £000
Buildings	943	844
Other	9	9
	<b>952</b>	<b>853</b>

## 6. Net interest costs

	Note	2021 £000	2020 £000
Interest on pension fund assets	13i	(1,837)	(1,968)
Interest on pension fund liabilities	13h	2,418	2,505
		<b>581</b>	<b>537</b>

## 7. Plant and Equipment

	Furniture & fittings £000	Information technology £000	Total £000
<b>Cost</b>			
At 01 April 2020	93	139	232
Additions	-	11	11
Disposals	-	(84)	(84)
<b>At 31 March 2021</b>	<b>93</b>	<b>66</b>	<b>159</b>
<b>Depreciation</b>			
At 01 April 2020	79	115	194
Provided during the year	14	9	23
Disposals	-	(84)	(84)
<b>At 31 March 2021</b>	<b>93</b>	<b>40</b>	<b>133</b>
<b>Cost</b>			
At 01 April 2019	93	129	222
Additions	-	10	10
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>93</b>	<b>139</b>	<b>232</b>
<b>Depreciation</b>			
At 01 April 2019	64	109	173
Provided during the year	15	6	21
Disposals	-	-	-
<b>At 31 March 2020</b>	<b>79</b>	<b>115</b>	<b>194</b>
<b>Net Book Value</b>			
<b>At 31 March 2020</b>	<b>14</b>	<b>24</b>	<b>38</b>
<b>At 31 March 2021</b>	<b>-</b>	<b>26</b>	<b>26</b>

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

## 8. Intangible assets

	Total £000
<b>Cost</b>	
At 01 April 2020	1,212
Additions	59
Disposals	(-)
<b>Cost at 31 March 2021</b>	<b>1,271</b>
<b>Amortisation</b>	
At 01 April 2020	1,040
Provided during the year	53
Disposals	(-)
<b>Cost at 31 March 2021</b>	<b>1,093</b>
<b>Cost</b>	
At 01 April 2019	1,095
Additions*	134
Disposals	(17)
<b>Cost at 31 March 2020</b>	<b>1,212</b>
<b>Amortisation</b>	
At 01 April 2019	1,032
Provided during the year	25
Disposals	(17)
<b>At 31 March 2019</b>	<b>1,040</b>
<b>Net Book Value</b>	
<b>At 31 March 2020</b>	<b>172</b>
<b>At 31 March 2021</b>	<b>178</b>

\* Additions of £31,000 in 2019-20 are assets under construction which were not yet in use nor amortised.

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

## 9. Trade and other receivables

	2021 £000	2020 £000
Trade receivables	20	12
Deposits & advances**	9	20
VAT receivable	45	45
Prepayments	302	140
	<b>376</b>	<b>217</b>

\*\* Deposits and advances includes staff loans for rail travel - £nil - (2020: £12,994) and travel advances - £6,300 (2020: £6,300).

## 10. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	3,212	3,308

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

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

The Commission requires approval from DLUHC to utilise this fund.

## 11. Trade and other payables

Current Trade and other payables		
	2021 £000	2020 £000
Trade payables	255	88
Other payables	216	351
Accruals & deferred income	906	784
	<b>1,377</b>	<b>1,223</b>

## 12. Provisions

	2021 £000	2020 £000
Balance at 01 April	90	72
Utilised	-	-
Provided in year	119	18
Written back	-	-
<b>Balance at 31 March</b>	<b>209</b>	<b>90</b>

	2021 £000	2020 £000
<b>Balance at 31 March</b>		
Current	209	90
Non-current	-	-
	<b>209</b>	<b>90</b>

The Commission has no potential dilapidation liabilities associated with its estates portfolio at 31 March 2021. The Commission occupies three properties which are part of the Government estate under MOTOs where there is no liability for dilapidations.

Flood damage occurred at the York office in 2016 and a provision of £90,000 has been created for the Commission's estimated share of the landlord's repair cost. In addition, a provision has been created for legal costs in relation to unresolved legal challenges at 31 March 2021.

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## 13. Pension scheme

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

13.2 The Commission paid employer's superannuation contributions to this scheme on behalf of both Local Commissioners and staff at the rate of 15.7% of pensionable remuneration (2019-20: 13.76%). The total paid during 2020-21 was £1,237,661 (2019-20: £1,010,120). There were no payments in respect of curtailments and settlements arising from redundancies made in the year (2019-20: nil). The employer's and employee's contribution rate are fixed following actuarial assessments every three years. The most recent triennial valuation of the Fund at 31 March 2019 resulted in a three-year schedule of contributions commencing 1 April 2020 where the Employer's rate was determined as 15.7% for the three years 2020-21 to 2022-23.

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

13.3 The pension arrangements for the Local Commissioners and Commission staff are subject to the agreement of the Minister for Housing, Communities and Local Government. He has agreed that the arrangements should be part of the Local Government Pension Scheme. Accordingly, this scheme forms the basis of the current terms and conditions of Local Commissioners and Commission

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

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

13.4 On 28 June 1993 by virtue of Statutory Instrument 1993 No 1367, Local Ombudsmen became eligible to join the Local Government Scheme and their previous individual superannuation arrangements were closed by transfer of service to the Scheme operated by the LPP. These transfer arrangements did not provide for Local Ombudsmen who had already retired. The pensions of one such Local Ombudsman, and a surviving widow, remain the responsibility of the Commission and are met through the Statement of Comprehensive Net Expenditure, the total payment during 2020-21 amounting to £11,626 (2019-20: £12,804).

13.5 In December 2018, the Court of Appeal ruled against the Government in two cases: *Sargeant and others v London Fire and Emergency Planning Authority* [2018] UKEAT/0116/17/LA and *McCloud and others v Ministry of Justice* [2018] UKEAT/0071/17/LA. The cases related to the Firefighters' Pension Scheme (*Sargeant*) and to the Judicial Pensions Scheme (*McCloud*). For the purposes of the LGPS, these cases are

known together as ‘McCloud’. The court held that transitional protections, afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination.

In June 2019, the Supreme Court denied the Government’s request for an appeal and the Government released a statement in July 2019 to confirm that it expects to have to amend all public service schemes, including LGPS. In July 2020 the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud case. The consultation closed in October 2020 but the final remedy has not been published yet. The ruling results in a liability for LGSCO to LGPS.

The Government Actuarial Department (GAD) has estimated the financial impact of one possible remedy to be equal to 3.2% of active liabilities on a scheme-wide basis. The GAD estimate has been prepared on an ‘average’ member basis and is highly sensitive to the earnings growth assumption (see 13.7a). On the basis of this scheme-wide estimate, and taking into account the age profile of the entity’s membership, the impact for LGSCO in 2019-20 was estimated to be £737,000 (or 0.7% as a percentage of total liabilities) and this was included in the pension liabilities under ‘past service costs’ (see 13.h). The estimated impact of McCloud is included in the pension liabilities at 31 March 2021 and it is not expected that the final remedy will result in a materially different amount to the current estimate.

13.6 Further commentary is available in the Directors’ Report on pages 28 and 29.

13.7 Disclosures as required by IAS 19 are below.

The tables and notes below were provided by the LPP actuary and the Commission is content that they fairly present the most appropriate assumptions to be applied and

### a. Financial assumptions

Year ended:	31 March 2021 %pa	31 March 2020 %pa
Inflation/pension increase (RPI)	3.2	2.7
Inflation/pension increase (CPI)	2.8	1.9
Salary increase rate	3.8	2.9
Pension increases	2.8	1.9
Discount rate	2.00	2.35

### b. Demographic assumptions

Life expectancy in years from age 65	2021	2020
Retiring today - males	22.7	21.9
Retiring today - females	24.3	24.3
Retiring in 20 years - males	23.3	23.3
Retiring in 20 years - females	26.0	25.8

the estimated assets and liabilities and the actuarial loss for 2020-21 for the scheme.

The actuary has adopted demographic assumptions which are consistent with those used for the funding valuation as at 31 March 2019. The post retirement mortality is based on Club Vita mortality analysis which has been projected using the CMI\_2020 model and allowing for a long-term rate of improvement of 1.25%, smoothing parameter of 7.0, an initial addition to improvements of 0.5% p.a and a 2020 weighting of 25%. The 2020



weighting parameter has been made so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact.

The actuary also made the following assumptions:

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

The actuary is not required to disclose an expected return assumption for the year to 31 March 2022.

### c. Estimated asset allocation

Year ended	31 March 2021 %	31 March 2020 %
Equities	56	54
Target return funds	23	26
Infrastructure	9	7
Property	9	10
Cash	4	3
<b>Total</b>	<b>100</b>	<b>100</b>

Note that individual percentages shown are to the nearest percentage point for each asset class and so may not add up to 100%.

### d. Fair value of employer assets - Commission share

	31 March 2021 £000	31 March 2020 £000
Equities	50,350	42,359
Target return funds	20,808	20,221
Infrastructure	7,744	5,718
Property	7,994	7,790
Cash	3,787	2,395
<b>Total</b>	<b>90,683</b>	<b>78,483</b>

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2021 is estimated to be 16.6% (2019-20: 0%). This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the period may be different.

The Commission's share of the assets of the total Fund is approximately 1.34%.

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

Year ended	Note	31 March 2021 £000	31 March 2020 £000
Fair value of employer assets	13d & 13i	90,683	78,483
Present value of funded obligation	13h	(131,159)	(103,844)
<b>Net (liability)</b>		<b>(40,476)</b>	<b>(25,361)</b>

In 2020-21 the deficit has increased from £25,361,000 to £40,476,000. There are two main (offsetting) factors in driving this movement; firstly, a change in the financial assumptions which increased the present value of scheme liabilities by £26.4m (see note

13g); and secondly, the positive return on fund assets in excess of interest of £11.1m.

The deficit is calculated using a range of assumptions chosen by management, with advice from the actuary, in accordance with International Accounting Standards (IAS 19). These assumptions are more conservative than those used to calculate the deficit on the basis used for the purposes of calculating future contribution rates. Based upon advice from the actuaries, the Executive Directors estimate that at 31 March 2021 on this basis the fund has a surplus of approximately £5.8m (2019-20: £9.6m)

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

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

Year ended	31 March 2021 £000	31 March 2020 £000
Service cost*	2,781	3,632
Net interest on the defined liability (asset)	581	537
Administration expenses	102	107
<b>Total</b>	<b>3,464</b>	<b>4,276</b>

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

#### g. Remeasurements and other comprehensive income

Year ended	Note	31 March 2021 £000	31 March 2020 £000
Return on plan assets in excess of interest	13i	11,101	(2,273)
Other actuarial gains/(losses) on assets	13i	-	(2,845)
Changes in financial assumptions	13h	(26,400)	10,120
Changes in demographic assumptions	13h	1,110	(436)
Experience gain/(loss) on defined benefit obligation	13h	1,300	(3,767)
<b>Pension fund actuarial (loss)/gain</b>		<b>(12,889)</b>	<b>799</b>

Changes to the financial assumptions have increased the present value of scheme liabilities by £26.4m at 31 March 2021 (31 March 2020: decrease in liabilities of £10.12m).

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

Year ended	31 March 2021 £000	31 March 2020 £000
<b>Opening defined benefit obligation</b>	<b>103,844</b>	<b>105,136</b>
Current service cost	2,781	2,895
Interest cost	2,418	2,505
Change in financial assumptions	26,400	(10,120)
Change in demographic assumptions	(1,110)	436
Experience loss/(gain) on defined benefit obligation	(1,300)	3,767
Estimated benefits paid	(2,467)	(2,058)
Past service costs, including curtailments	-	737
Contributions by members	593	546
<b>Closing defined benefit obligation</b>	<b>131,159</b>	<b>103,844</b>

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

Year ended	31 March 2021 £000	31 March 2020 £000
<b>Opening fair value of employer assets</b>	<b>78,483</b>	<b>82,249</b>
Interest on assets	1,837	1,968
Return on assets less interest	11,101	(2,273)
Other actuarial gains/(losses)	-	(2,845)
Administration expenses	(102)	(107)
Contributions by the employer	1,238	1,003
Contributions by members	593	546
Estimated benefits paid	(2,467)	(2,058)
<b>Closing fair value of employer assets</b>	<b>90,683</b>	<b>78,483</b>

## j. Sensitivity analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of defined benefit obligation	128,760	131,159	133,606
Projected service cost	3,953	4,084	4,219
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	131,438	131,159	130,882
Projected service cost	4,086	4,084	4,082
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	133,305	131,159	129,053
Projected service cost	4,217	4,084	3,954
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of defined benefit obligation	137,292	131,159	125,310
Projected service cost	4,267	4,084	3,909

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

## k. Projected pension expense for the year to 31 March 2022

Projections for the year to 31 March 2022	
	£000
Service cost	4,084
Net interest on the defined liability	797
Administration expenses	118
<b>Total</b>	<b>4,999</b>
<b>Employer contributions</b>	<b>1,269</b>

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

<https://www.lpfa.org.uk/library/our-performance/annual-reports>

Estimated employer's contributions for 2021-22 are £1,269,000 (2020-21: £1,169,000)

## 14. Financial Instruments and related risks

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

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

Other financial instruments are receivables and payables arising from operations.

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

### Credit Risk

The Commission is exposed to credit risk arising from its Trade and Other Receivables, whereby there is a risk that counterparties will not settle outstanding amounts as they fall due. Of the total financial assets included within trade and other receivables, £45,212 is due from HMRC (2020: £44,509). A further amount of £8,564 is due from current employees of the Commission and is to be collected through regular payroll deductions (2020: £19,294). The credit risk arising from these balances is not considered to be significant.

### Market Risk

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

	2021	2020
	£000	£000
Value of interest yielding deposits at 31 March	3,212	3,308
Income effect of a 1% increase in interest rates	32	33
Income effect of a 1% decrease in interest rates	(32)	(33)

### Liquidity Risk

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

These deposits totalled £3,211,519 (2020: £3,308,108). As a result of these policies, the Commission does not feel that it is exposed to significant liquidity risk arising from its financial instruments.

### Fair Value

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

## 15. Operating Lease

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

	31 March 2021 £000	31 March 2020 £000
<b>Buildings - amounts payable:</b>		
Not later than one year	459	432
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>459</b>	<b>432</b>
<b>Other - amounts payable:</b>		
Not later than one year	9	9
Later than one year and not later than five years	4	13
Later than five years	-	-
<b>Total</b>	<b>13</b>	<b>22</b>

### 15.2 Description of significant lease arrangements

During 2020-21, the Commission occupied three premises within the Government estate, each under a Memorandum of Terms of Occupation (MOTO). All MOTOs have gone past their initial expiry date. The MOTO for the York office has a 12 month notice period, for Coventry, the notice period is six months, while the London office is three months.

## 16. Capital Commitments

The Commission was contractually committed to £nil of expenditure on non-current assets at 31 March 2021 (2019-20: £nil).

## 17. Related Party Transactions

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

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

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

Commission member, Michael King is also a Board member at PHSO and Rob Behrens CBE, the PHSO, is an ex-officio member of the Commission. PHSO is regarded as a related party. There have been no financial transactions with PHSO in 2020-21.

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



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

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

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

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

# Accounts direction for the Commission for Local Administration in England

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

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

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

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

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

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

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

David Kuenssberg

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

Date 3rd July 2014

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## SCHEDULE 1

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

### ADDITIONAL DISCLOSURE REQUIREMENTS

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

- (a) an analysis of grants from:
  - (i) government departments
  - (ii) European Community funds
  - (iii) other sources identified as to each source;
- (b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;
- (c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;
- (d) details of employees, other than board members, showing:
  - (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Commission, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
  - (ii) the total value of loans to employees
  - (iii) employee costs during the year showing separately:
    - (1) wages and salaries
    - (2) early retirement costs
    - (3) social security costs
    - (4) contributions to pension schemes
    - (5) payments for unfunded pensions

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(6) other pension costs

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

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

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

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

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

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

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

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

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

For the purposes of this sub-paragraph:

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

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





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