

SCOTTISH **PUBLIC SERVICES** OMBUDSMAN

ANNUAL REPORT & ACCOUNTS 2017/18





Welcome to the SPSO's 2017-18 Annual Report

Read more on page 4

We handled
904
enquiries

Read more on page 7



We received

4,125

complaints and closed

4,226

complaints

Read more on pages 8-9

We upheld

58.8%

of complaints

Read more
on page 11



We handled

764

Scottish Welfare Fund
applications



Read more
on page 12

The first full year
of **NHS** model
Complaint Handling
procedure

Read more on page 15

38%

of cases needed multiple pieces of specialist advice

Read more on page 11

We made
635

recommendations about learning and improvement

Read more on page 20



We closed



97.1%

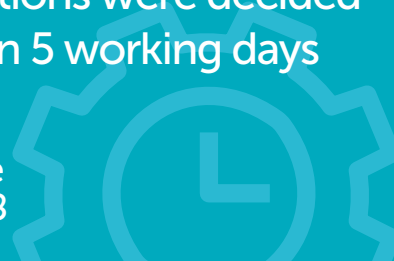
of complaints within 260 days against a target of 95%

Read more on page 26

100%

of Crisis Grant review applications were decided within 5 working days

Read more on page 28



Our budget was
£4.3m

Read more on page 35



We are developing a **Support and Intervention Policy**

Read more on page 39

Overview

Ombudsman's introduction

Performance highlights

I think it fair to say, it's been a challenging year for every single part of the organisation. When I took up office in May 2017 we had high complaint caseloads, increasing Scottish Welfare Fund review applications, and compliance monitoring of the NHS, social work and Integration Joint Boards implementation of their new model complaints handling procedures. We also had to start planning for our office move in autumn 2018 and the taking on of new powers as the Independent National Whistleblowing Officer for the NHS in Scotland in 2019.

This was on top of all the business as usual such as our advice service, training provision, advice and guidance, corporate management, stakeholder engagement and clearing the backlog of cases from when there was a spike in complaints in 2015.

My personal highlights included:

- clearing our backlog of cases in December 2017 (see page 27)
- laying of our new strategic plan before Parliament in early 2018 (see page 25)
- maintaining a good level of output. We marginally missed one of our performance indicators, but given the number of old cases we closed, overall performance was excellent (see page 26)
- issuing of our thematic report "Making Complaints Work for Everyone" (see page 26)
- engagement with a wide range of stakeholders about a range of matters from good complaints handling to giving evidence to Parliament (see pages 22–24).

The challenge for us now is to make complaints handling and learning from complaints even better.

Key issues and risks

We actively monitor and review our approach to risk. As a result, we have revised our risk policy and monitoring. This year (2018–19) we have introduced a strategic risk register, to reflect our strategic risks and how they impact on, and integrate with, operational risks and delivery of our strategic and business plans.

Like many organisations, we recognise and are addressing the increasing risks associated with cyber security. Our chief risk, however, remains that of resources. Clearing our backlog of cases moved the work on within our processes, but for some months we had exceptionally high personal workloads. The resources we have are sufficient only for as long as there is no increase in complaints coming in. If complaint volumes rise by more than a few percent, our resources are no longer sufficient to maintain current levels of performance.

It is not only timescales that are affected: high caseloads impacts on us in other ways and I remain deeply concerned about the impact of high caseloads on staff wellbeing.

Ombudsman's introduction

Quality Assurance

We strive to deliver good quality and pride ourselves on being a learning organisation. Quality Assurance of our casework is an integral part of our business and an important source of learning and improvement.

In 2018–19 we are taking a different approach: a risk based approach. We are putting in place a quality assurance plan based on identifying types of cases or decisions that present the highest potential risk. For example a review of cases where we consider whether complaints were made to us within time limits and how we applied our discretionary powers. Our aim is to ensure we are making good decisions consistently.

Improving complaints handling

The Complaints Standards Authority passed a major milestone: 2017–18 saw the implementation of a model complaints handling procedure by the NHS. This means that all Scottish public services now take the same, two-stage approach to complaints handling.

The challenge for us now is how we build on that, with public bodies and complainants, to make complaints handling and learning from complaints even better.

Future

Things are not standing still for us.

This year we put in place a challenging business plan, to which everyone in the organisation was able to contribute. It recognises both the huge volume of the “business as usual” work we do,

Laid before the Scottish Parliament by the Scottish Public Services Ombudsman in September 2018 in pursuance of section 17(1) and (3) of the Scottish Public Services Ombudsman Act 2002.

and the work we are doing to develop complaint handling, drive public sector improvement and develop ourselves. Derived from, and linked to, our new strategic aims, it highlights just how wide-ranging our functions are in practice.

Oh, and there are a few more things coming up too:

- new offices
- implementation of the Independent National Whistleblowing Officer role for the NHS
- developing a Support and Intervention Policy.

See page 39 for more information.



Rosemary Agnew

Scottish Public Services Ombudsman



Overview

The SPSO's Role and Function

The Scottish Public Services Ombudsman (SPSO) has a wide remit, covering a variety of functions and services.

Her powers and duties come from the Scottish Public Services Ombudsman Act 2002 which gives her three distinct areas of statutory functions:

1 the final stage for complaints about most devolved public services in Scotland including councils, the health service, prisons, water and sewerage providers, Scottish Government, universities and colleges

2 specific powers and responsibilities to publish complaints handling procedures, and to monitor and support best practice in complaints handling

3 Independent Review Service for the Scottish Welfare Fund with the power to overturn and substitute decisions made by councils on Community Care and Crisis Grant applications

Performance Report

Strategic Objective 1:

To provide a high quality, user-focused independent complaints handling service

Here we highlight how we handle enquiries and complaints; the functions covering the majority of our work.

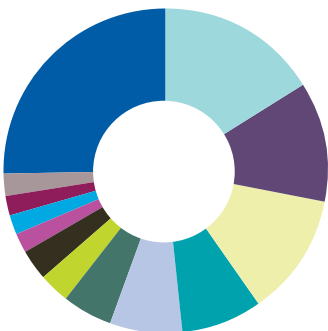
Enquiries received

We received 904 enquiries.



| Enquiry type | No. | % |
|--|------------|-------------|
| General enquiry | 10 | 1% |
| Matter or organisation out of jurisdiction | 534 | 59% |
| Complaint not made to the public body | 360 | 40% |
| Total | 904 | 100% |

If we can't help, we signpost people to other organisations better placed to give assistance. We signposted 534 people to 37 different organisations. It is notable that 75% of those signposted were to just 12 (one third) of the total 37.



| Signposted to | Number | % of signpost enquiries |
|--|--------|-------------------------|
| Financial Ombudsman Service | 85 | 16% |
| Ombudsman Services: Energy | 66 | 12% |
| Citizens Advice Bureau | 65 | 12% |
| Shelter Housing Advice Line | 43 | 8% |
| Parliamentary and Health Service Ombudsman | 36 | 7% |
| Ombudsman Services: Communications | 28 | 5% |
| Consumer Direct | 18 | 3% |
| Water Industry Commission for Scotland | 17 | 3% |
| Referred to Employer / Human Resources | 13 | 2% |
| Housing and Property Chamber | 11 | 2% |
| Planning Aid for Scotland | 11 | 2% |
| Information Commissioner Office – Scotland (DPA) | 10 | 2% |
| All others | 131 | 25% |

Performance Report

Complaints received

The number of complaints received this year was broadly comparable with last year but our overall caseload was higher. 14.5% of our complaints caseload were cases carried forward from the previous year. Many of these were being held unallocated because we did not have the resources to look at them. Addressing this backlog of cases was a key priority for us.

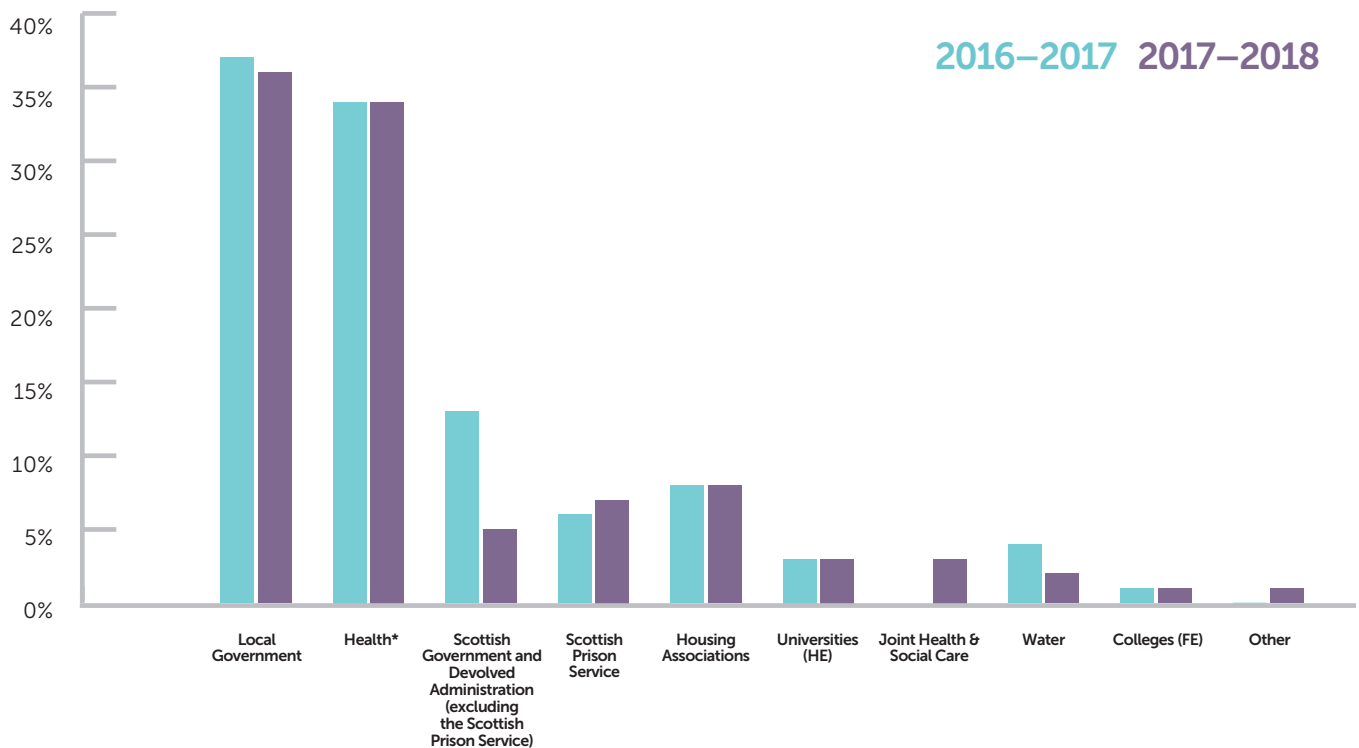
Complaints received

| | 2017–18 | 2016–17 |
|------------------------------------|--------------|--------------|
| Complaints received | 4,125 | 4,182 |
| Carried forward from previous year | 702 | 631 |
| Total caseload | 4,827 | 4,813 |

Complaint subjects

The proportion of complaints received about each sector remained broadly the same as the previous two years with complaints about the health and local government sectors being 70% of our overall caseload.

Complaints received by sector in 2017–18 and 2016–17



* includes health complaints made by prisoners

Performance Report

How we handled complaints

Overview of complaints handled

We handled 3% more complaints in 2017–18 than in 2016–17. This was achieved by temporarily diverting resources to casework in a planned effort to address our backlog of unallocated cases, and reduce the amount of time complainants had to wait before their case could be allocated (from 8–10 weeks at its peak down to 2 weeks). It meant we could not do other work we had planned, particularly in the area of communications and stakeholder engagement. For example, we only had minimal resources to raise awareness of the new Ombudsman’s appointment and of the excellent report we issued on *Making Complaints Work for Everyone* (more about that on page 36).

Complaints overview

| | 2017–18 | 2016–17 |
|---|------------------|--------------|
| Total caseload | 4,827 | 4,813 |
| Cases brought forward | 702 | 631 |
| Complaints received | 4,125 | 4,182 |
| Total cases closed at assessment | 3,492 | 3,299 |
| Out of jurisdiction | 541 | 480 |
| Premature | 1,017 | 1,142 |
| Not investigated further | 1,934 | 1,677 |
| Total Cases closed after investigation | 734 | 805 |
| Upheld in full | 196 | 212 |
| Upheld in part | 219 | 205 |
| Not upheld | 291 | 361 |
| Not duly made, or withdrawn | 18 | 21 |
| Resolved | 10 | 6 |
| Total cases closed | 4,226 | 4,104 |
| Cases carried forward | 598 ¹ | 702 |

¹ The carried forward figure is run from our open figures on the first day of the year and the other figures in this table from our closed year-end figures. Changes happen constantly to our open figures as cases are received and determined every day and this is why the number is marginally different from what a simple calculation would predict (601).

Performance Report

Case outcomes

Assessment

We try to provide answers as soon as we can on what action we can, and will, take on a complaint. We explain whether someone's case can be resolved, whether it is something that we can legally look into, and whether an SPSO investigation is beneficial to them. We call this assessment.

Assessment outcomes 2017–18

| Assessment outcome | Number of cases | |
|---|-----------------|--|
| Not duly made or withdrawn | 900 | We cannot investigate something that does not meet the statutory definition of a complaint or is withdrawn. |
| Out of jurisdiction (discretionary) | 201 | Our governing legislation sets out what we can and cannot accept as a complaint. In some situations (such as a complaint being made late) we have discretion (that means some choice) to accept them anyway, but have decided not to. |
| Out of jurisdiction (non-discretionary) | 340 | There are some complaints that the law simply does not allow us to look into. |
| Outcome not achievable | 208 | We don't want to raise people's hopes unnecessarily so will not accept complaints where the outcome the complainant wants is not achievable by us. |
| Premature | 1,017 | Some cases are 'premature complaints'. These are cases that reach us too early, without having first completed the authority's complaints process. It is important that authorities are given the opportunity to address complaints first as it is to the complainant's advantage, and provides an opportunity for learning. |
| Proportionality | 755 | In some cases we conclude that the organisation complained about has already taken appropriate steps to address the problem and we cannot achieve any more for the complainant or the wider public interest. We call this a 'proportionality decision'. It is an approach that we have been developing and building on over the past two years. The aim is to provide a more realistic and efficient service for complainants. |
| Resolved | 71 | These are cases we did not investigate further as they were resolved to the satisfaction of both parties without the need for detailed investigation. |
| Total | 3,492 | |

In addition to 1,017 premature cases, we also identified a further 179 cases where someone had originally brought their complaint to us and had to then bring it back again because they did not achieve a satisfactory outcome. This suggests that 1 in 7 people that approach us with a premature complaint are likely to return at a later stage (this is the same ratio as last year).

Performance Report

71 of the cases we did not investigate further were resolved to the satisfaction of both parties without the need for detailed investigation

Investigations

In 2017–18, we completed 734 investigations compared to 804 in 2016–17. 23 of these were full public reports, compared to 21 in the previous year. Typically, public reports cover more serious complaints, often with wider significance to other organisations. They are more complex and more resource intensive. While the change is small, it is an indication that complaints are increasing in complexity and something we will continue to monitor. For cases where we did not publish a full report, we published a decision summary instead to ensure that learning was captured. All of our decisions can be found on our website.²

Our investigation findings

When we publish our investigation findings, we report on whether we have upheld complaints we have considered. It is generally thought that a low uphold rate reflects good complaints handling by an authority but we question that.

Of the 734 complaints we investigated, we upheld or partly upheld 58.8% of complaints compared to 54% last year.³ While we found evidence of complaints handling issues (more information on pages 20–21), we do not think the upheld rate is necessarily the result of poor complaints handling.

It is more likely that the increase in the uphold rate is as a result of our developing approach to considering, as early as possible, whether there is more we can achieve for complainants by investigating in detail. We look for evidence to demonstrate that an authority has handled a complaint appropriately and taken reasonable steps to resolve the matter before we move to investigation. We use independent specialist advisers as early as is practicable to inform our thinking. All of this means that the cases subject to detailed investigation are more likely to be ones upheld.

Independent advice

We use independent professional advisers to inform our decision-making on some of our complaints: specifically in cases relating to health, social work, local authority planning, water services, equalities and environmental health. They provide expert advice on what is reasonable to expect in the particular circumstances of a case.

Cases can be complex, covering a range of specialist areas. This means we have to seek advice from a number of different professionals, with some cases requiring four or more pieces of specialist advice. This year 254 (38%) of cases needed multiple pieces of advice. This was an increase on the 184 last year, reflecting the increasing complexity of the cases progressing to investigation, particularly in relation to health complaints.

What this means in practice is that although the number of investigations fell slightly, the overall caseload is more challenging and requires significant resources.

² www.spsa.org.uk/our-findings – we do not publish our findings in a very small amount of cases where, due to the specific circumstances of the complaint, confidentiality may not be maintained when publishing

³ This year we have calculated the 'uphold rate' using the number of complaints upheld or partly upheld as a percentage of complaints where we made a decision on the complaint, i.e. upheld, some upheld or not upheld. We feel that excluding withdrawn, resolved and otherwise incomplete investigations from this calculation gives a more accurate representation of the performance of organisations and allows them to benchmark more effectively. You will therefore find the figures for uphold rate this year do not directly compare with previous years.

Performance Report

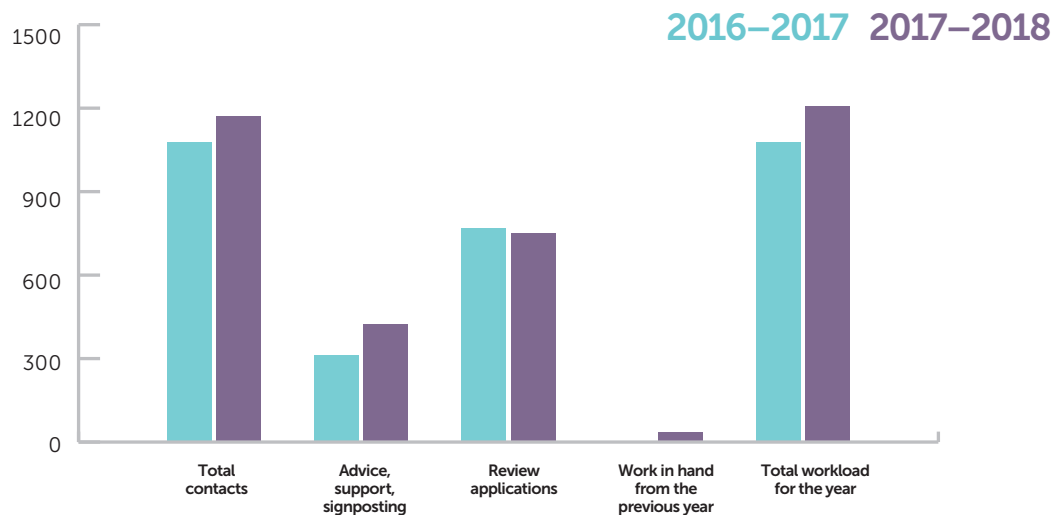
Strategic Objective 2:

To provide a high quality, user-focused independent review service for Scottish Welfare Fund independent review decisions

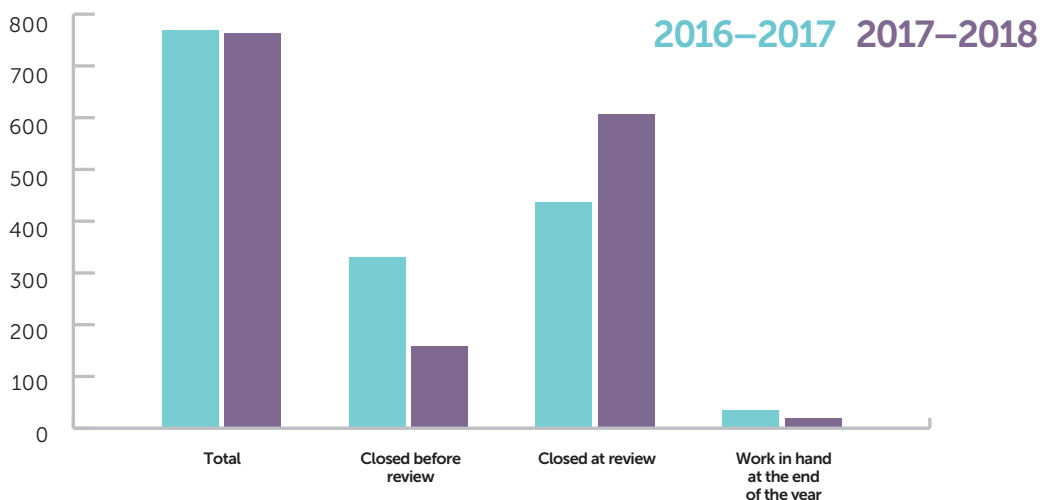
The Scottish Welfare Fund (SWF) independent review service has been part of SPSO since 2016–17. We carry out independent reviews of decisions councils make on Community Care and Crisis Grant applications. We issue a separate, more detailed annual report, specifically on the SWF independent review service. This is available on our website⁴ and contains further information about our approach and findings.

SWF Applications to SPSO

Applications received



Applications handled



The number of cases closed at review increased by 38.7% from last year, and we had less work in hand at the end of the year. This is significant because we issue full decisions in cases closed at review, and these require considerably more resources than cases closed before review.

⁴ www.spsos.org.uk/news-and-media/scottish-welfare-fund-independent-review-service-annual-report-2017-18

Performance Report

Application outcomes

| | 2017–18 | 2016–17 |
|--|---------|---------|
| Community Care Grants decision changed | 164 | 98 |
| Community Care Grants decision NOT changed | 151 | 132 |
| Crisis Grants decision changed | 102 | 66 |
| Crisis Grants decision NOT changed | 186 | 141 |
| Community Care Grant cases referred back to council to make new decision | 3 | 0 |

Although we closed 606 review applications, we only count the ones where we made a determination as a 'decision'. In addition to the figures above, in 5 cases (3 CG and 2 CCG) applications were withdrawn by the applicant.

As you can see, over half of CCG decisions were changed, an increase of 9% on the previous year. In contrast, although CG numbers were up by 45, the proportion we changed was relatively stable at 35%.

| Community Care grants | 2017–18 | 2016–17 |
|-----------------------|---------|---------|
| Decision changed | 52% | 43% |
| Decision NOT changed | 48% | 57% |

| Crisis grants | 2017–18 | 2016–17 |
|----------------------|---------|---------|
| Decision changed | 35% | 32% |
| Decision NOT changed | 65% | 68% |

Access to our SWF service

We never stop looking for ways to make our service as accessible as possible. We listen to feedback and take active steps to find ways to be more accessible, especially recognising that applicants who come to us are often vulnerable and in crisis situations.

Our diversity information from a 20% sample of SWF casework, showed 57% of people reported a mental or physical disability. This is significantly higher than the Scottish Health Survey (2008–2016) which reported that 33% of adults have long-term limiting health condition or disability.⁵

We take applications in a variety of ways. At 69% of applications, by far the most well used route to making a review request is through our Freephone number. We consider this ability to take applications verbally as critical to the accessibility of our service.

Going forward we will be considering how we make our service accessible to British Sign Language (BSL) users as part of the SPSO's BSL Action Plan.

⁵ www.gov.scot/Topics/People/Equality/Equalities/DataGrid/Disability

Performance Report

SWF Quality Assurance

To ensure that we persistently maintain the quality and continuous improvement in our decision-making and our service delivery, we invest in working with our various stakeholders to gather their views and review any complaints about our work.

SWF Stakeholder engagement

Highlights include:

- We held our first SWF engagement event in February 2018 attended by 61 delegates who have an interest in SWF, including local authority staff and third sector representatives.
- We hosted quarterly sounding boards for members of local authorities and the third sector where we were able to share our findings, discuss complex queries and gather feedback about our service.
- We jointly delivered workshops for decision-makers in Edinburgh, Glasgow and Dundee with the Scottish Government in November 2017 focusing on how councils might ensure that their decision letters contain the necessary information for applicants to understand the reasons for their decision.
- We asked the Scottish Government to make a change to the Statutory Guidance to require that decision letters to applicants have sufficient information. This was implemented in February 2018.

More information is available in our SWF Annual Report.⁶



⁶ www.spsa.org.uk/news-and-media/scottish-welfare-fund-independent-review-service-annual-report-2017-18

Performance Report

Strategic Objective 3:

To simplify the design and operation of the complaints handling system in Scottish public services

A key finding of the 2007 Crerar review⁷ was that complaints processes in Scotland's public services were not fit for purpose. They were not always accessible or easy to use and were often complex and far too variable in their content.

The *Fit-for-purpose Complaints System Action Group* (FCSAG) considered how to improve the complaints handling system in Scotland, taking account of the recommendations made in the Crerar review. In its 2008 report to Ministers⁸ FCSAG supported the value of simplification both for consumers and for service providers, and a stronger ethos across our public services to view complaints as opportunities for learning which empowers complaints handlers to resolve as many complaints as possible at the first level. The recommendations in this report informed our strategic objective to **simplify the design and operation of the complaints handling system in Scottish public services**.

Since the introduction of the Complaints Standards Authority (CSA) in 2010, we have worked across the public sector in Scotland to simplify and standardise complaints handling procedures in each sector. This year was significant as, from April 2017, the NHS Scotland model Complaints Handling Procedure (CHP) and the Social Work model CHP became operational.

Model complaints handling procedures make it simpler for service users to complain, build staff and user confidence in complaints handling and encourage organisations to identify and make best use of lessons learned from complaints

Developing NHS and Social Work model CHPs

The introduction of these new CHPs brings NHS and social work complaints handling into line with other Scottish public service sectors, enabling a standardised and consistent approach to complaints handling.

The NHS Scotland model CHP applies to all NHS bodies, boards and primary care service providers (including external providers or contractors who deliver NHS services).

The social work model CHP applies to all social work services retained by councils and to social work services delivered by Health and Social Care Partnerships (HSCP) under delegated arrangements (including external contractors who deliver social work services on behalf of a council or HSCP).

Integration Joint Boards (IJBs) must also have a complaints handling procedure which complies with the principles approved by the Scottish Parliament in January 2011. To support IJBs, we developed a model CHP template during 2017–18. When this is adopted in full by IJBs, they will be compliant.

⁷ Report of the Independent Review of Regulation, Audit, Inspection and Complaints Handling of Public Services in Scotland: www.gov.scot/Publications/2007/09/25120506/0

⁸ The Fit-for-purpose Complaints System Action Group (FCSAG) report to Ministers: www.webarchive.org.uk/wayback/archive/20180705152547/http://www.gov.scot/Topics/Government/PublicServiceReform/IndependentReviewofReg/ActionGroups/ReporttoMinisters

Performance Report

Monitoring compliance and giving advice

Having previously worked in partnership with sector stakeholders and others to develop these new model CHPs, the main focus of our CSA activities during 2017–2018 was to ensure compliance with the model procedures, and to provide advice, guidance and support to facilitate successful implementation in each sector.

We carried out 87 compliance checks:

- 30 for Integration Joint Boards
- 35 for Social Work CHPs (HSCPs and councils)
- 22 for NHS health boards (14 territorial, 7 special NHS Boards and 1 public health body)

Our initial compliance checks tested whether each NHS Board, council, HSCP and IJB had properly adopted and implemented the model CHP. This entailed assessing organisations' CHPs against a statement of compliance and a self-assessment. If an organisation was not fully compliant, we worked closely with them to ensure corrective action was taken.

Raising awareness

We also worked closely with the sectors throughout the year to raise awareness and support implementation of the new CHPs. This included:

- attending the social work complaints sub-group and the NHS Complaints Personnel Association Scotland network meetings, where we communicated the requirements of each model and responded to procedural and governance questions in relation to key complaints indicators and complaints handling performance
- supporting HSCPs throughout the year. For example we developed a new training course, aimed specifically at staff in HSCPs. We delivered it for the first time in October 2017. Participants particularly welcomed the case study approach together with the tips and tools for effective complaints investigations, which are key elements of the course. Feedback included:

I felt the facilitators were extremely engaging, informative and interesting and it was evident that they were very experienced in this field of work

It was excellent to learn about the role of the SPSO and it has helped me in my role in dealing with complaints

Really appreciated the practical rather than theoretical approach to the course & the perspective of what you need to do/look out for as a busy operational manager

Performance Report

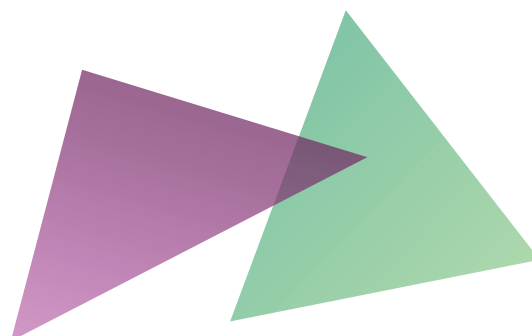
- facilitating a workshop in May 2017 on the procedure at the Scottish Practice Management Development Network Annual Conference in Edinburgh. This was to publicise the new NHS Scotland CHP
- working with the Medical and Dental Defence Union of Scotland in December 2017 to deliver a staff awareness session on the new procedure
- attending and presenting on the CHP to joint Patient Advice and Support Service and NHS Complaints Personnel Association Scotland events in Dundee and Glasgow
- delivering NHS complaints workshops in partnership with NHS Education for Scotland at four regional events (Supporting Feedback and Complaints and Duty of Candour incidents across Health and Social Care) in 2018.

What next for CSA?

Scotland has come a long way since the findings of the Crerar review. This has only been achieved through a partnership approach. Collaborative working has delivered the vision of a simplified and standardised complaints procedure which prioritises the early resolution of complaints, and places great emphasis on learning from complaints to drive up standards of service delivery.

The next stage of our work involves reviewing and analysing the effectiveness of the model CHPs to assess how they can be improved to deliver even greater consistency and value. Work on this will commence during 2018–2019.

- March and April 2012 we published the first CHPs for the local government and housing sectors
- October 2016 the Scottish Government published the NHS Scotland model CHP (operational from April 2017)
- December 2016 we published the Social Work Model CHP (operational from April 2017)
- There is now a model CHP in place across each of the main public sector organisations in Scotland



Performance Report

Strategic Objective 4:

To improve complaints handling by public service providers

Key to improving complaints handling by public service providers across Scotland is the work we do to support public bodies to identify and share good practice in complaints handling. We perform these duties in a range of different ways, including:

- providing expertise and assistance about complaints procedures and developing a valuing complaints culture
- speaking to staff and management teams in regards to good complaints handling and governance requirements
- supporting sector networks of complaints handlers to share good practice and learn from each other
- developing resources to help organisations manage and learn from complaints.

Learning from SPSO complaints

We are developing a structured approach to gathering and analysing what we learn about public authorities' complaint handling to inform the feedback, training and support we give. We do this in a variety of ways highlighted below.

Monitoring uphold rates

Uphold rates by sector-by-sector 2017–18 and 2016–17

| Sector | 2017–18 | 2016–17 | % difference |
|---|---------|---------|--------------|
| Local Government | 58% | 61% | -3% |
| Health | 60% | 53% | +7% |
| Scottish Government and devolved administration | 52% | 47% | +5% |
| Housing associations | 57% | 41% | +16% |
| Water | 73% | 71% | +2% |
| Further education | 58% | 60% | -2% |
| Higher education | 45% | 41% | +4% |

The local government uphold rate fell slightly compared to 2016–17 from 61% to 58%. The uphold rate for health complaints rose from 53% to 60%. We are keen to understand why and so monitor our own complaint information and actively engage with stakeholders.

Performance Report

Complaint Handling Marker

When we investigate complaints, our Complaints Reviewers also look at how the complaint was handled by the body. Where they identify that a complaint was not handled fully in line with the requirements of the model CHP, it is recorded. Through our work on standards, we analyse this data to help bodies improve their complaints handling performance.

During 2017–18 we found that just over 22% of the cases we closed included one or more complaints handling failings. It is worth noting that, in many cases, authorities identified failings themselves, prior to receiving feedback from us.

There are three key areas where bodies are likely to fail to meet the requirements of the model CHP. These are:

- 1 the requirement to identify fully each issue being complained about and to provide an accurate, proportionate and evidence-based decision for each complaint
- 2 the requirement to communicate clearly with the person making the complaint and to manage their expectations in respect of the complaints process and likely outcomes
- 3 the requirement in respect of timescales at stage 2 of the model CHP, and to keep the person making the complaint updated where the timescales will not be met.

This information will inform the support we give authorities and future development of the CHP.

Monitoring premature complaints

In 2017–18, the proportion of SPSO's overall complaint caseload that was 'premature' (i.e. the complaint had not completed the public body's complaint handling process) was 24.1%. This was a 4% reduction on the year before and a 6% reduction since 2015–16 when the rate was 31%. As the table below shows, there is still variation between sectors.

Premature complaints per sector 2017–18

| Sector | 2017–18 | 2016–17 | % difference |
|---|--------------|--------------|--------------|
| Colleges (FE) | 13.3% | 26.5% | -13% |
| Universities (HE) | 10.6% | 13.9% | -3% |
| Health | 21.6% | 20.7% | 1% |
| Housing Associations | 30.6% | 34.8% | -4% |
| Joint Health & Social Care | 13.8% | - | - |
| Local Government | 28.1% | 35.7% | -8% |
| Scottish Government and Devolved Administration | 19.3% | 19.6% | 0% |
| Water | 38.9% | 40.8% | -2% |
| Total | 24.1% | 27.8% | -4% |

A low rate of premature cases rate can be an indication of a successful complaints process that is founded on early resolution, and an indicator of successful implementation of the model CHP process. We continue to monitor this.

Performance Report

Monitoring recommendations

We follow up each recommendation, requiring the authority to provide detailed evidence of what they have done to provide redress or make the improvement we asked for. We set a deadline on each recommendation and follow this up. 94% of the recommendations we made were completed within three months of the target date set. Ultimately, it is down to organisations to implement the recommendations on time.

This approach enables us to capture and better understand information about our findings and recommendations, which in turn help us to better understand the impact of our work.

Our recommendations have three main purposes:

- **redress individual injustice**
- **learning and improvement to help prevent the problem from happening again**
- **improve complaints handling**

In 2017–18 we made 1,192 recommendations, a slight reduction from the 1,379 recommendations we made in 2016–17. This reflects a changed approach to making recommendations where we only recommend that an organisation takes action where they had not already planned to do so. Where the organisation has already planned remedial activities, we do not make a recommendation, but we do ask for evidence that the action has been taken. Of the 1,192 recommendations we made:

- 448 recommendations to provide individual remedy for an aggrieved person, of which:
 - 379 required a meaningful apology to be provided
 - 17 required a financial payment to be made
 - 52 were for other forms of remedy
- 635 recommendations were in respect of learning and improvement actions
- 109 recommendations to improve complaints handling performance.

Breakdown of recommendation types



| Recommendation type | No. | % |
|-----------------------------|-----|-----|
| Individual redress | 448 | 38% |
| Learning and improvement | 635 | 53% |
| Improve complaints handling | 109 | 9% |

Performance Report

Detailed breakdown of recommendations by type and sector

| Recommendations 2017–18 | Individual remedy – apology | Individual remedy – financial payment | Individual remedy – other | Complaints handling remedy | Learning and Improvement remedy | Total |
|---|-----------------------------|---------------------------------------|---------------------------|----------------------------|---------------------------------|--------------|
| Colleges | 6 | 1 | 1 | 7 | 6 | 21 |
| Health | 254 | 5 | 8 | 50 | 499 | 16 |
| Housing associations | 7 | 2 | 0 | 3 | 7 | 19 |
| Joint Health and Social Care | 3 | 0 | 0 | 1 | 10 | 14 |
| Local Government | 80 | 5 | 29 | 30 | 78 | 222 |
| Scottish Government and Devolved Administration | 13 | 2 | 4 | 9 | 14 | 42 |
| Universities | 10 | 1 | 6 | 5 | 14 | 36 |
| Water | 6 | 1 | 4 | 4 | 7 | 22 |
| Total | 379 | 17 | 52 | 109 | 635 | 1,192 |

Feedback to public bodies

In addition to making recommendations, we provide feedback to authorities. This happens where we have identified an issue which may not be specifically in relation to the complaint we have been asked to investigate, or it may not be appropriate to make a recommendation to address the issue. During the year we provided feedback on 348 issues to authorities. This included:



Feedback on 'other issues' typically draws the authority's attention to relevant comments from one of our independent professional advisers.

Performance Report

Complaints handling guidance

A core activity of our CSA work is to assist public bodies in good complaints handling by providing advice, guidance and support and in responding to ad-hoc requests for help. In 2017–18, we responded to 274 of these requests (370 in 2016–17). The majority of requests we received were from the local government and health sectors, generating 20% and 18% of all contacts respectively. This activity reflects our continued focus of supporting the implementation of the two new CHPs. The requests we received ranged from general enquiries to requests for SPSO tools and resources and input and guidance about complaints handling issues.

The reduction in the volume of requests we received from the previous year was expected. This is a continuing trend which reflects our work to create and participate in knowledge networks across all sectors to identify and share good practice in complaints handling.

Stakeholder engagement

External engagements

One of our main activities this year involved providing support and advice through external engagements. During 2017–18 we participated in 66 meetings or events with external bodies. This activity level is broadly similar to our work in 2016–17, when we were involved in around 70 such events. These activities are wide ranging, from providing the keynote speaker and facilitating a good practice workshop at the *'Improving Complaints Handling: Putting People at the Centre of Services'* conference, to speaking to NHS stakeholders in Wales (supporting the Public Services Ombudsman for Wales), or meeting with individual organisations across Scotland to support the effective management of complaints.

As we did in previous years, we have worked in partnership with NHS Education for Scotland, the Scottish Government, the Scottish Social Services Council, the Care Inspectorate and Healthcare Improvement Scotland to support complaints handling across health and social care. Through four national conferences for all relevant health and social care staff, including independent contractors and care providers, (*Supporting Feedback and Complaints and Duty of Candour Incidents Across Health and Social Care*) we ran workshops to provide staff with the skills, knowledge and confidence to handle and manage complaints.

Networks

Supporting sector complaints networks continues to be an important aspect of our work. These networks are run by each sector with the aim of identifying, evaluating and sharing good practice in complaints handling. As integral members of each network, we value the opportunity this gives us to feedback on complaints issues from an SPSO perspective, and to contribute to the work of each network. Throughout 2017–18 we participated in the local government, housing, NHS, college and university sectors complaints networks. We are also a member of the local government benchmarking sub-group and have attended the Social Work complaints sub-group.

Each network works in its own way. The common objective they all share, however, is to learn from complaints and drive up the standards of complaints handling performance. They achieve this in various ways, for example, by analysing complaints performance information to learn, improve and benchmark performance, or hosting an annual complaints conference or working to develop good practice resources.

To demonstrate her support of the networks and recognition of the value they add, during 2017–18 the Ombudsman attended network events for the college, housing and local government sectors. She intends to follow this up in the next year by attending networks she has not yet had the opportunity to meet.

Performance Report

Training

Our training unit comprises one part-time training co-ordinator with some administration support. We delivered 43 training courses across all sectors, these were:



For more information about the training we offer, please visit our website.⁹

Consultation and Parliament

The Ombudsman appeared before three separate Scottish parliamentary committees.

- At the Health and Sport Committee she gave evidence as part of their inquiry into clinical governance emphasising the importance of a culture of learning from and valuing improvement.¹⁰
- At the Local Government and Communities Committee, she gave evidence about our performance for 16/17. This included a discussion of possible improvements to our legislation.¹¹
- At the Social Security Committee, she gave evidence about the role of complaints in relation to the new Social Security agency and a proposed charter.¹²

She also appeared before the Local Government and Communities Committee of the National Assembly for Wales which is considering new legislation for the Public Services Ombudsman for Wales.¹³

⁹ www.valuingcomplaints.org.uk/training/training-courses

¹⁰ www.parliament.scot/parliamentarybusiness/report.aspx?r=11232

We also submitted written evidence in advance of the meeting which can be found here:

www.spsa.org.uk/sites/spsa/files/consultations-and-inquiries/2017/SPSO%20Response%20to%20H%26S%20committee%20inquiry%20on%20NHS%20Governance.pdf

¹¹ www.parliament.scot/parliamentarybusiness/report.aspx?r=11346. We also submitted written evidence in advance of the meeting which can be found here:

www.spsa.org.uk/sites/spsa/files/consultations-and-inquiries/2018/180124SPSOwrittensubmission.pdf

¹² www.parliament.scot/parliamentarybusiness/report.aspx?r=11328

¹³ www.senedd.assembly.wales/ieListDocuments.aspx?CId=447&MID=4406

Performance Report

We responded to consultations including:

- On the Planning (Scotland) Bill we highlighted the frustration that people can feel when they are unable to question professional judgement in relation to planning decisions.¹⁴
- On the Education (Scotland) Bill we asked for reassurance that any changes were undertaken in a way that did not reduce people's right to complain and asked whether the right to complain to us should be extended to all publicly-funded schools.¹⁵
- On the Children and Young People (Information Sharing) (Scotland) Bill we provided a briefing note about our concerns about a possible duplication in complaint provisions.¹⁶

Thank you for giving evidence to the Committee on 31 January and for contributing to an interesting and informative session. It was helpful for the Committee to hear your views on the future strategic direction of the SPSO which the Committee is supportive of.¹⁷

The evidence we heard from the Scottish Public Services Ombudsman and the Northern Ireland Public Services Ombudsman on the complaints handling proposals was compelling. We would like to see the Ombudsman following the model that has been successful in Scotland, ensuring collaborative working and consultation with the sector.¹⁸

¹⁴ www.spsso.org.uk/sites/spsso/files/consultations-and-inquiries/2018/180202PlanningBillconsultation.pdf

¹⁵ www.spsso.org.uk/sites/spsso/files/consultations-and-inquiries/2018/180129SPSOEducationconsultation%20%282%29.pdf

¹⁶ www.parliament.scot/S5_Education/Inquiries/20170824SPSO_leter_and_Briefing_note.pdf

¹⁷ from Convener of Local Government and Communities Committee:
www.parliament.scot/S5_Local_Gov/General%20Documents/20180207_ConvenerToSPSO.pdf

¹⁸ from the Stage 1 report on the Public Services Ombudsman (Wales) Bill www.assembly.wales/laid%20documents/cr-ld11459/cr-ld11459-e.pdf

Performance Report

Strategic Objective 5: To be an accountable, best value organisation

The SPSO 2017–18 business plan¹⁹ sets out our key performance indicators and performance measures. We track performance throughout the year, reporting performance publicly quarterly. We also actively monitor risk, which is covered in more detail in our Accountability Report.²⁰

Strategic and business planning

We laid a new strategic plan before Parliament in February 2018. This set out the revised vision strategic aims we will work to from April 2018.²¹

The strategic plan, “Putting People at the Heart of Public Services” formed the basis of our 2018–19 business plan. The business plan, which was created with input from the whole team, will be updated and re-published quarterly. For the first time, we have captured, by team, both the project work we do, and our business as usual. This demonstrates the scale, range and volume of our work.

As part of this work, we confirmed our values.



SPSO Values

- We will work **independently** and **fairly**
- We are **people-focused** and value **integrity** and **respect**
- We **value learning** and **improvement**

Community, social and human rights

We think it important to contribute to the society and communities in which we live and work.

Not only do we build human rights into our approach, we actively encourage staff to undertake public and voluntary duties (recognising that we must avoid conflicts of interest). Staff are involved in a range of activities which we support either as an office or individually. These range from sitting on the boards of charities – through to gathering women’s clothing to support unemployed women to get into work /back into work – to sponsored events and challenges.

¹⁹ www.spsso.org.uk/business-plans

²⁰ www.spsso.org.uk/finance

²¹ www.spsso.org.uk/strategic-plan

Performance Report

We also organise and participate in office-based events. Highlights were:

- We raised £235 for the STV children's appeal at the delicious big breakfast event organised and prepared by our SWF team.
- We held an event for International Women's Day, where we learned about women's (and men's) challenges in the workplace. We had excellent presentations from our own colleagues, Girlguiding Scotland and Anna Poole QC. Many of us made and tweeted our pledges to press forward and progress gender parity.
- We had great fun at our Christmas lunch, but with a serious edge. During an exceptionally cold December, we gathered and donated 45 coats and two large bags of gilets, hats, scarves and gloves, donated £100 worth of H+M vouchers and raised £360. Guests of honour were representatives of Edinburgh Young Carers (one of our staff sits on their Board).
- We made personal pledges to support climate change week. These were very varied and included, for example: cycling to work, being more thoughtful about what we print, cutting down on packaging waste by using re-usable wraps rather than plastic bags, switching off electrical items and recycling more.

Casework performance

Timescales

We publish performance indicators (PI) for both our complaints handling and our Scottish Welfare Fund review casework.

Complaints handling timescales ²²

| | <i>Complaints handling targets</i> | 2017–18 | 2016–17 |
|--------------------|--|--------------|---------|
| PI-1 Complaints | 95% of advice stage complaints were handled within 10 working days | 99.5% | 99.5% |
| PI-2 complaints | 95% of early resolution complaints were decided or moved to more complex investigation stage within 70 working days | 85.3% | 88.0% |
| PI-3 Complaints | 95% of investigation complaints were decided within 260 working days | 97.1% | 96.1% |

²² Complaints handling indicators measure the time it takes us to close a case from the point of receipt of the case.

Performance Report

We recognise how important it is to respond to complaints in good time. Making, or being subject to a complaint, can be stressful for everyone concerned. We try to balance the time we take, with ensuring we deliver quality investigations with robust decisions.

As you can see, we exceeded our targets, and matched or improved performance in relation to PI-1 and PI-3.

We did not achieve our PI-2 target as a consequence of focusing on addressing our backlog of unallocated cases. We recognised that addressing the backlog would impact the PI-2 timescales because we would be deciding cases that were, in some cases, already 10 weeks old before detailed work started on them (they had been triaged to make sure we did not delay on time-critical complaints).

It took a whole office effort to address the backlog, with support and involvement from every part of the office.

Thank you!

- to everyone in my office for clearing our backlog of cases: to those who worked extra hours, took on temporary new duties, took on extra cases and supported colleagues
- to complainants and public bodies for your patience



Scottish Welfare Fund reviews timescales

It is important to make decisions quickly as many applicants are in urgent need. As can be seen, we exceeded all of our targets by a significant margin. More information about our SWF work is available in our Annual Report on the Independent SWF Review service.²³

| Indicator | Target | Achieved 2017–18 | Achieved 2016–17 |
|--|--------|------------------|------------------|
| PI-1 crisis grant applications determined within 1 working day | 95% | 99.3% | 99.5% |
| PI-2 community care grant applications responded to within 21 working days | 95% | 99.4% | 97.8% |
| PI-3 cases requested for reconsideration, decision is correct | 95% | 99.8% | 94.6% |

²³ www.spsos.org.uk/news-and-media/scottish-welfare-fund-independent-review-service-annual-report-2017-18

Performance Report

We count the working days from the point we have all the information we need to make a robust decision. PI-1 and PI-2 were agreed with the Scottish Government. PI-3 is a voluntary quality indicator we set for ourselves.

In addition to measuring and monitoring SWF reviews performance against targets, we also measure and monitor average case handling times. This includes the time taken for councils to provide us with information and time for enquiries with applicants and other third parties.

| | | | |
|------------------|--|------|------|
| Achieved 2017–18 | Crisis Grants in 5 working days | 100% | ↑ 3% |
| | Community Care Grants in 30 working days | 88% | |
| Achieved 2016–17 | Crisis Grants in 5 working days | 97% | |
| | Community Care Grants in 30 working days | 77% | |

We allow councils one day to provide us with information about Crisis Grants and four days for Community Care Grants.

Service standards

Customer service standards

Our customer service standards²⁴ apply to the service we deliver to both members of the public and public authorities. They are a set of commitments about our communication, our openness and fairness, and our competence and responsibility. We issued a single report²⁵ which drew on all the feedback we received to give an informed, holistic, overview of our customer service.

We gather information about our service from a variety of sources, highlighted below.

Customer feedback

In 2017–18 we sought feedback from service users in a range of ways, from electronic surveying of service users receiving complaint investigation decisions to telephone surveying of SWF service users. This feedback was used to inform and develop our service and reported in our service standards report.

²⁴ www.spsso.org.uk/customer-service-standards

²⁵ www.spsso.org.uk/service-standards-reports

Performance Report

Quality Assurance

We are committed to delivering quality in all of our casework. As well as ensuring that all live cases have an appropriate and proportionate level of operational management supervision, we also separately carry out quality assurance checks through the year on our complaints, SWF work and on the professional advice that we receive from our range of advisers. This work is carried out by the corporate services team, a team separate to the case handling teams, through our Quality Assurance (QA) process.

Our published performance indicator for this area of work is the number of complaint decisions that are changed as a result of QA in 2017–18. In the cases QA'd we found:

- decisions were correct in 100% of complaints QA'd
- decisions were correct in 100% of SWF cases reviewed.

We strive for excellence which means we actively look for ways to improve. QA identified a number of areas requiring improvement in a small number of cases. These included reducing unavoidable delays in case handling and improving the quality of the explanation given for our decisions.

We also highlighted examples of good practice. These included effective positive actions taken in identifying and managing accessibility issues for service users.

All QA findings were fed back to individuals, teams and managers to share learning, and improvements were implemented where needed.

Complaint reviews

The Ombudsman normally responds to review requests personally (except if there is a conflict of interest). She is supported in this by Executive Casework Officers, not involved in the original decision.

We received significantly fewer review requests in 2017–18 than in the previous year resulting in us reviewing 10% of our decisions. Although we were close to our target, we revised three more decisions than in the previous year.

None of the cases raised serious or significant concerns, but as with quality assurance learning was taken from them and shared.

| Indicator | Target | Achieved 2017–18 | Achieved 2016–17 |
|-----------------|--|------------------|------------------|
| PI-5 Complaints | 95% of cases requested for review, decision is correct | 94.8% | 97.1% |

Performance Report

Requests for reviews of complaints decisions: volumes and outcomes

| Review outcome | 2017–18 | 2016–17 |
|--|------------|------------|
| Case reopened, original decision revised | 12 | 9 |
| Case reopened in light of new information | 7 | 6 |
| Decision stands | 206 | 261 |
| Request for review is ineligible / withdrawn | 5 | 33 |
| Total number considered | 230 | 309 |
| % Correct Decision | 94.8% | 97.1% |

126 cases originally decided before detailed investigation

- Of these, 4 were re-opened because we considered we should have exercised our discretion to investigate the complaint

103 cases originally decided following investigation

- Of these, 8 were reopened to change to the original decision

SWF reconsiderations

Councils and applicants can ask us to review and reconsider SWF review decisions. We are not required to do this, but we introduced it as a voluntary stage as a quality measure and we use reconsiderations as an opportunity to learn and improve our service where we can. Someone not involved in the original decision carries out the review.

2017–18

| No. requests received | % of all decisions made | Decision changed: <i>new information received</i> | | Decision changed: <i>reviewer disagreed with original decision</i> | | SPSO decision NOT changed | |
|-----------------------|-------------------------|---|-------------------|--|-------------------|---------------------------|-------------------|
| | | Number | % of all requests | Number | % of all requests | Number | % of all requests |
| 21 | 3.5% | 6 | 28.6% | 1 | 4.8% | 14 | 66.7% |

2016–17

| No. requests received | % of all decisions made | Decision changed: <i>new information received</i> | | Decision changed: <i>reviewer disagreed with original decision</i> | | SPSO decision NOT changed | |
|-----------------------|-------------------------|---|-------------------|--|-------------------|---------------------------|-------------------|
| | | Number | % of all requests | Number | % of all requests | Number | % of all requests |
| 37 | 8.5% | 2 | 5.4% | 2 | 5.4% | 33 | 89.2% |

As you can see, reconsideration requests fell significantly compared to the previous year. We attribute this largely to how we communicate to manage expectations more effectively. We explain at the outset what our uphold rates are and explain our decisions over the phone. There was an increase in the proportion of cases changed at the reconsideration stage. However, this was due to a rise in the number of cases where new information was received during the reconsideration process which was material to the decision. The proportion of cases where the reviewer disagreed with the original decision remained stable.

Performance Report

Complaints about SPSO

We have a two-stage complaints process based on our customer service standards²⁶, which adopts the principles and approach of the model complaints handling procedure.

Stage 1: we try to resolve matters

Stage 2: senior management investigate and respond formally

In line with the requirements we place on public bodies, details of all customer service complaints in 2017/18 were recorded and reported on a quarterly basis. A summary of the outcome of complaints received and responded to during the year was published on our web site on a quarterly basis. These reports provide information on our performance in handling customer service complaints in line with SPSO's Customer Service Complaints Handling Procedure.

Summary of complaints outcomes and service failures 2017/18

Breakdown of complaints received and closed

| Summary | Received | Closed |
|--|-----------|-----------|
| Stage 1 – Frontline resolution | 42 | 42 |
| Stage 2 – Investigation | 15 | 16 |
| Escalated complaints (escalated from stage 1 to stage 2) | 14 | 13 |
| Total | 71 | 71 |

Breakdown of complaints upheld and not upheld

| Summary | Upheld | Not Upheld | Total | % upheld |
|--------------------------------|-----------|------------|-----------|----------|
| Stage 1 – Frontline resolution | 6 | 36 | 42 | 14% |
| Stage 2 – Investigation | 4 | 12 | 16 | 25% |
| Escalated complaints | 7 | 6 | 13 | 54% |
| Total | 17 | 54 | 71 | |

²⁶ www.spsa.org.uk/customer-service-standards

Performance Report

Timescales

The target timescales to close complaints are:

- 5 working days at stage 1
- 20 working days at stage 2
- 20 working days for escalated complaints

Further information about our performance in relation to timescales

| Timescales | Met timescale (cases) | Did not meet timescale | Total number of working days | Average time in working days to close |
|---------------------------------|-----------------------|------------------------|------------------------------|---------------------------------------|
| Stage 1 Frontline resolution | 29 | 11 | 169 | 4.2 |
| Stage 2 Investigation | 12 | 4 | 362 | 22.6 |
| Escalated Complaints | 11 | 2 | 221 | 17 |
| Total | 52 | 17 | N/A | N/A |

Key points

- We received 71 service complaints in 2017/18. This is a notable increase from the previous year (2016/17) when we received 49 service complaints.
- We closed 71 service complaints in the year 2017/18. In the previous year (2016/17) we closed 50 service complaints.
- We closed 42 service complaints at Stage 1 (59% of all complaints received) and we closed 29 complaints (including 13 that were escalated from stage 1 to stage 2) at stage 2. This represented 41% of all complaints received.
- We upheld a total of 17 complaints. Six at stage 1 (14% of all stage 1 complaints), four at stage 2 (25% of all stage 2 complaints). Seven complaints were upheld after escalation (54% of escalated complaints).
- During the year the Independent Complaint Resolution Service (ICRS) received 14 referrals and completed 2 full investigations and 2 short reviews. They did not uphold any complaints. We signpost people to the ICRS if they remain dissatisfied with the way we have handled a customer service complaint.
- Average timescales at stage 1 were 4.2 working days (against a target of 5 working days), at stage 2 we took on average 22.6 working days (against a target of 20 working days), and for escalated complaints the average time to issue a decision was 17 working days (against a target of 20 working days).

Performance Report

Learning from complaints

We are committed to improving our service as a result of learning from customer service complaints. In addition to putting things right for our customer, where possible, when our service has not met our service standards, we always seek to learn the lessons from any service failures and address any systemic issues that may be identified. In the course of reviewing customer service complaints, individual instances of service failure are highlighted to the Leadership Team, where necessary, and to the relevant staff and managers involved where appropriate.

The two main areas of poor service provision identified throughout the year related to communications and delays. In each case we apologised for the failing. Staff were reminded of the service standards. We will take account of the findings in respect of communications in a planned update of the SPSO communications strategy.

If someone remains dissatisfied we signpost them to the ICRS. We record and report customer service complaints internally and to our Audit and Advisory Committee. There are more statistics on our website.²⁷

Independent Complaint Resolution Service Report

The ICRS provides a final external stage for complaints about the service delivered by SPSO under our customer service standards. It reviews our handling of service complaints and gives a view on whether we have acted in accordance with our service standards. If the ICRS finds any service failures, it makes recommendations for appropriate redress. The ICRS also offers constructive feedback and practical ideas for further improvement. The full annual report from the ICRS is available on our website.²⁸

Providing an accessible service

We want to be as accessible as possible to whoever needs to use our services. We work continuously to make our service accessible, regularly undertaking new initiatives to make sure we operate in line with best practice. For example, in 2017/18 we started the work necessary to create our British Sign Language Plan which will be published in 2018/19.

We encourage people to tell us of any adjustments that would make our service more accessible to them. The most common adjustment made in 2017/18 was to alter font size for people with visual impairments. We also had documents translated and made specific adjustments to make it easier for people with mental health difficulties to interact with us. Making such adjustments is now a standard, regular part of the service we provide and we track them to see if we can make improvements that would benefit others.

We ask people to complete a form which helps us monitor if there are groups of people who are under-represented among the people who bring us complaints. This year, our analysis of this data showed that there has been no significant change in the people who come to us over the last few years. They remain broadly representative of the population with the exception of age where we have an older demographic profile than the country's population.

A change to the form in 2016/17 meant this was the first year we could look at trends in responses to an expanded question around disability. We have found that we have a higher proportion of people reporting a disability than the population, and this number has increased since last year. This may reflect that the services we take complaints about can impact disproportionately on those with disabilities when things go wrong and mean they are more likely to raise complaints about them.²⁹

²⁷ www.spsso.org.uk/customer-service-complaints

²⁸ www.spsso.org.uk/customer-service-complaints

²⁹ However, it is important to note that our forms are voluntary and people can choose whether to respond to each question or not, so we do have to exercise caution when trying to identify reasons for trends.

Performance Report

On the complaints side, we saw a continuation in the increase in the number of people making complaints to us via our website. Although we can, and do, offer advice by phone, in most cases we are currently not able to take complaints by phone because of existing provisions in our legislation.

It is different for the SWF, where we take applications by phone. In 2017–18, 69% of contact with the SWF team was by phone.

Contact by phone:

SWF 69% Complaints 25%

Why the big difference?

We think it is because complaints must, according to the law, be in writing



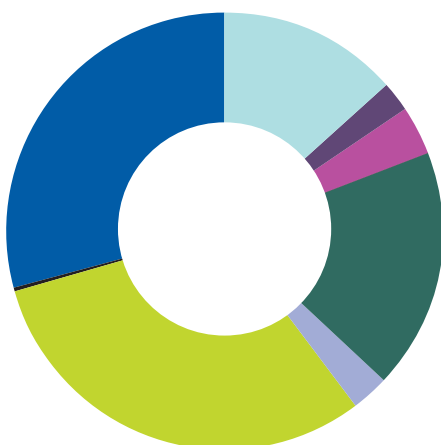
Method of contact in 2017–18 as a % of all complaints

2017–18



| | | |
|--------------------|-------|-----|
| Complaint Form | 582 | 14% |
| CP Form (Prisons) | 58 | 1% |
| Email | 146 | 4% |
| Fax | 5 | <1% |
| Letter | 849 | 21% |
| SPSO Contact Form | 67 | 2% |
| Telephone | 1,040 | 25% |
| Visit | 12 | <1% |
| Web Complaint Form | 1,366 | 33% |

2016–17



| | | |
|--------------------|-------|-----|
| Complaint Form | 560 | 13% |
| CP Form (Prisons) | 102 | 2% |
| Email | 143 | 3% |
| Fax | 1 | <1% |
| Letter | 750 | 18% |
| SPSO Contact Form | 107 | 3% |
| Telephone | 1,296 | 31% |
| Visit | 10 | <1% |
| Web Complaint Form | 1,213 | 29% |

Performance Report

Corporate performance

We say more about corporate performance in our Accountability Report.³⁰

Summary of financial performance

Our budget for 2017–18 was £4.3 million. Our expenditure was within -1.4% of the approved budget. We also generated modest revenue through our training unit. We publish information on our website on specific expenditure areas, as required under the Public Services Reform Act.³¹

Environmental and sustainable development

We continue to reduce our level of carbon emissions. We are committed to supporting the Scottish Government's policies on Environmental and Sustainable Development and understand our obligations in these areas. Further to the Climate Change (Scotland) Act 2009, the Government introduced an Order in 2015 requiring all 151 public bodies that appear on the Major Player list to submit an annual climate change report, detailing their compliance with the climate change duties. SPSO is listed, and we published our third annual report in August 2017. Previously, we published a sustainability report. Our climate change and sustainability reports are available on our website.³²

ICT

Digital technologies are an important tool underpinning our service, and we closely manage this part of our service to ensure we protect the personal data and sensitive information we hold and use. The importance of cyber resilience has never been greater, and in 2017–18 we started implementing the Cyber Resilience Public Sector Action Plan and applying for Cyber Essentials Plus certification.

SPSO utilise SCOTS Connect to host our network services to provide a safe and secure digital environment. SCOTS is the name for the Scottish Government's range of managed IT services and products. Emails are sent over the secure Government Secure Intranet (GSI) network which scans all traffic for inappropriate content, blocking its access to the system. Firewalls ensure that only trusted/secure websites are able to be accessed by staff.

In addition to this work, in 2017–18 we undertook a planned hardware renewal and made initial preparations for moving onto SCOTS X platform, which includes Windows 10 operating system and Office 2016 software. These continuing improvements ensure we operate in an efficient and secure IT environment.



During 2017–18
we were awarded
the **Living Wage**
Accreditation
status

³⁰ www.spsso.org.uk/finance

³¹ www.spsso.org.uk/sustainability-reports

³² www.spsso.org.uk/finance

Performance Report

Strategic Objective 6:

To support public service improvement in Scotland

To support public services to learn from complaints and improve service delivery, we continued to raise awareness of our wider role. We did so by supporting public service providers to improve outcomes for the public through their learning from SPSO enquiries, decisions and recommendations, and by working in partnership with public service providers, policy makers, scrutiny bodies and regulators to further those improvements.

Thematic report: Making Complaints Work for Everyone

We published our second thematic report: “Making Complaints Work for Everyone”.³³ The report, launched at a conference co-organised by SPSO, Queen Margaret University and the University of Glasgow, focuses on the impact of complaints on staff and organisations who have been complained about. The conference was attended by 91 delegates and speakers from the Scottish Government, NHS, local authorities, housing associations, further education, higher education, and other ombudsman services. It brought together academic and practitioner perspectives to explore the effects of complaints on public-service employees and the ways in which organisations could support employees who have been subject to a complaint.

In her opening address at the conference, the Ombudsman, Rosemary Agnew, discussed the main findings of the report. Whilst organisations are increasingly likely to describe themselves as ‘learning organisations’, research indicates that being subject to a complaint can have an adverse impact on the individual involved and can limit, rather than promote, learning. Staff are likely to perceive complaints negatively, often attributed to lack of organisational support, which is at odds with leadership aspirations to be a learning organisation.

In conclusion, the report proposes that organisations need to actively support their staff through complaints processes and engage employees in positive and purposeful activities to manage and learn from complaints. Getting this right will encourage staff, help drive improvement in services and promote learning.

The report contains information about a range of resources that organisations can draw on, and we encourage the use of these resources to support staff through the complaints process.

Sharing complaints outcomes

Each month the Ombudsman publishes an e-newsletter covering the reports of complaints we investigated and closed together with information about any significant trends and issues identified from the cases we investigated. In 2017–2018 through our investigations we made 734 decisions on complaints.

At the end of our investigation, we publish³⁴ our findings, conclusions, decision and recommendations in one of two ways.

- 1 public decision reports which summarise decisions we have made, where we have communicated the outcome by a decision letter to the complainant and to the appropriate organisation.
- 2 public investigation reports. These are detailed reports of our investigation, often issued where a complainant has suffered significant injustice and/or a case has wider public interest.

³³ www.valuingcomplaints.org.uk/spsa-thematic-reports

³⁴ We do not publish our findings in a very small amount of cases where, due to the specific circumstances of the complaint, confidentiality may not be maintained when publishing.

Performance Report

All published reports are sent to the Scottish Parliament and Scottish Ministers. We publish them on our website and in other forms of communication, for example the Ombudsman's monthly e-newsletter. Making this information publicly available, helps the public and public authorities to understand what we do and to learn from complaints that we have investigated.

We provide annual letters³⁵ to all councils, NHS boards, the Scottish Prison Service and water providers. Each letter includes a breakdown of the complaints we investigated by subject and outcome for each organisation. This information helps organisations to use it in conjunction with their own local management information to understand complaints in the widest sense. It helps organisations to promote the development of enhanced customer services, take action to resolve poor quality services, support the redefinition of the way services are delivered using learning from customer complaints and enables the sharing of good practice across organisational and sector boundaries.

Supporting authorities' learning

The focus of our learning and improvement work is on building our capacity to drive improvement through learning from complaints, especially by the authorities that bring us the largest volume of complaints or that exhibit repeat failings or systemic complaints handling issues. We continued this work during this year by improving the way in which we make recommendations and by working closely with bodies to improve their complaints handling performance.

Direct support

We built on work started last year to work closely with two organisations throughout the year to improve complaints handling performance. The support we provided included the development of organisational specific e-learning resources and quality assurance processes for the complaints handling function.

Equality and diversity: using casework to make a difference

Our casework allows us not only to reflect on our service but also to support improvements generally.

Case Study

In one case (201700486³⁶) we identified that a policy did not appropriately provide parity between mental and physical health. A GP practice policy appeared to only allow for home visits if there was a physical health problem. In this case, they did not consider the complainant's significant mental health problem meant that he was housebound despite a letter from a psychiatrist confirming this was the case.

We have asked the practice to apologise to the individual but also to review their policy to ensure it has due regard to mental as well as physical health which will have wider benefits.



We also look across our casework to identify themes and ensure our commitment to equality is reflected. Findings were reflected in our thematic report on "Making Complaints Work for Everyone" where we included specific support and guidance on equality issues and making reasonable adjustments (taking advice from the Equality and Human Rights Commission).

³⁵ www.spsa.org.uk/statistics-2017-18

³⁶ www.spsa.org.uk/decision-reports/2018/may/decision-report-201700486-201700486

Performance Report

Looking forward

Revised strategic aims

We revised our strategic aims to better reflect our developing role and remit. Our business plan directly incorporates these to show how everything we do contributes to our vision and aims.



Vision

The Scottish Public Services Ombudsman contributes actively and positively to Scotland's development and delivery of first class public services: putting people and learning at the heart of what we do by being innovative and world-leading in our approach to complaints, reviews and standards.



Strategic aims

- 1** be recognised and consulted as a world-leading Ombudsman service of independent accessible experts with a reputation for: being run transparently and efficiently, governed effectively, and leading by example in the delivery of the full range of statutory functions
- 2** develop organisational capacity to: deliver existing statutory functions efficiently, proportionately and effectively, and develop and adopt new, or enhanced, services and functions
- 3** drive improvement in Scottish public services by setting and applying high complaints handling and review standards and promoting a culture and practice where learning and improvement from complaints or reviews is embedded in practice, governance and organisational systems
- 4** enable and support the Scottish public sector to achieve and maintain high standards of policy and practice through a combination of sharing learning from SPSO complaints and reviews, monitoring, advice and guidance, training and appropriate collaboration
- 5** through active engagement, help people know about their rights to complain or request a review, and help them understand what standards and level of services they can expect and how to access them easily and responsibly

Performance Report

Support and intervention policy

Our learning and improvement, communication and CSA officers work together as part of the new team we created in 2017–18: The Improvement, Standards and Engagement Team.

In addition to business as usual work, a major project for us is the development of a Support and Intervention Policy. It is important to us that we are transparent about what we do and why, and what public bodies and the public can expect from us. This policy will set out how we use the data we collate from complaints, feedback and other information sharing to support, or where necessary take direct intervention action with public bodies: it will cover informal feedback-based support, through to when we would use our statutory powers.

Independent National Whistleblowing Officer (INWO)

In response to The Freedom to Speak Up Review³⁷, the Scottish Government considered its findings to further support, encourage and promote whistleblowing. Following a public consultation, the Health Secretary announced that legislation would be introduced to Parliament to bring the functions of a new Independent National Whistleblowing Officer (INWO) to the Scottish Public Services Ombudsman, a UK first!

We anticipate that the INWO will have statutory powers to investigate concerns raised by whistleblowers and to examine health boards' culture and approach to whistleblowing, particularly where a whistleblower claims to have been unfairly treated as a result of raising a concern.

To prepare for this new function, we are working in partnership with stakeholders from the health sector and the Scottish Government to develop National Whistleblowing Standards, including Principles and a Whistleblowing Procedure to ensure the investigation of whistleblowing disclosures are standardised, consistent, properly applied and result in fair outcomes. Crucially, they promote safeguarding of patients, and those raising the concerns. A steering group is overseeing the development process, and a working group has been playing a key role in the development of the draft Standards.

Accommodation

Did you know we are moving offices in late 2018?

The SPSO is moving from Melville Street in Edinburgh, our home since we were first set up, to McDonald Road in Edinburgh.



³⁷ www.freedomtospeakup.org.uk/wp-content/uploads/2014/07/F2SU_web.pdf

Accountability Report and Financial Statements

Accountability Report

Corporate Governance Report

1. Ombudsman's report

1.1 Background

These accounts for the financial year ended 31 March 2018 are presented in accordance with the Accounts Direction given by the Scottish Ministers, in pursuance of paragraph 15 (1) of Schedule 1 of the Scottish Public Services Ombudsman Act 2002.

1.2 Leadership Team

- Ombudsman
- Director
- Head of Improvement, Standards and Engagement

1.3 Register of Interests

The Ombudsman, Director, and Audit and Advisory Committee (AAC) members publish Declarations of Interest on the SPSO website with their biographies: these are updated annually. Declarations of interest of other staff are held on the relevant case where required in accordance with the SPSO Code of Professional Conduct.³⁸

1.4 System of Internal Control

A Scheme of Control³⁹ and Scheme of Delegation are in place and are periodically reviewed, as required by the Scheme of Control, and amended as necessary to ensure principle risks to the achievement of the organisation's objectives are managed efficiently, effectively and economically. An Internal Control Checklist has been completed for 2017–18 to inform the assessment of the Ombudsman's governance arrangements. The Accountable Officer has undertaken a review of systems of internal control during 2017/18. The review was been informed by the assurance framework established with the Scottish Public Finance Manual (SPFM).

1.5 Provision of information to employees

We have adopted the principles of openness and participation and place a high level of importance on both informing and consulting staff. We do so by providing access to management papers, through oral and written briefings, by regular staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

1.6 Information management

The Scottish Public Services Ombudsman (SPSO) processed 201 requests for information in 2017–18 (176 in 2016–17):

- 115 under the Freedom of Information (Scotland) Act 2002
- 11 under the Environmental Information (Scotland) Regulations 2004
- 75 under the Data Protection Act 1998.

Three out of 23 reviews in 2017–18 were partially upheld. We had not confirmed that some information was not held in one FOI response, and we had not identified all relevant information in another two subject access requests. There were no appeal decisions in 2017–18.

³⁸ Our declarations of interest are published here: www.spsso.org.uk/senior-management www.spsso.org.uk/audit-and-advisory-committee

³⁹ Our scheme of control can be found in the Governance and Risk handbook here: www.spsso.org.uk/spsso-policies

Accountability Report

Corporate Governance Report

We reported two data security incidents to the Information Commissioner.

1. In one case, a misunderstanding between complainants resulted in correspondence being sent to the wrong person.
2. In the other case, correspondence could not be located after being received into the office. It was located attached to other correspondence shortly after notifying the Information Commissioner's office.

The Information Commissioner decided on both occasions that no action was required but recommended we review mail handling procedures and data protection training. Changes are being made to mail handling, and we are updating our data protection training programme as part of GDPR preparations.

We have clear guidelines governing how we handle data. There is a clearly established process for recording and investigation of any potential breaches in data security. All incidents must be logged using an incident recording system and, following an investigation, any identified risks are mitigated as far as possible.⁴⁰

1.7 Internal audit and risk management

The SPSO's Audit and Advisory Committee supports the Ombudsman in relation to responsibilities for risk, control and governance. Each year the chair of the SPSO Audit and Advisory Committee (the AAC) produces an annual report on behalf of the Committee. The purpose of the report is to summarise the Committee's work over the previous financial year and provide the Committee's opinion in relation to our governance. Dr Tom Frawley, Chair of the SPSO Audit and Advisory Committee, provided his detailed report which is published on our website.⁴¹

The committee met four times and considered each of the internal audit reports. In 2017–18 our internal auditors, the Scottish Legal Aid Board (under a shared services agreement), looked at the areas of payroll, absence, risk management, and IS installation, and provided a consultancy report on our data protection processes in preparation for the introduction of GDPR. The internal audit reports achieved satisfactory or above and the auditors raised no issues of significance.

1.8 Audit

The SPSO's accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 15 (2) of Schedule 1 of the Scottish Public Services Ombudsman Act 2002. The Auditor General has appointed Deloitte as the Ombudsman's Auditors for the 5-year period from 2016–17 to 2020–21.

1.9 Disclosure of information to auditors

As Accountable Officer, I am unaware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information, and to establish that the auditors are also made aware of this information.

As Accountable Officer, I authorised these financial statements for issue on 7 September 2018.

⁴⁰ Our Information Governance handbook can be found at www.spsso.org.uk/spsso-policies

⁴¹ Our Audit and Advisory Committee annual reports can be found at www.spsso.org.uk/audit-and-advisory-committee

Accountability Report

Corporate Governance Report

2. Statement of Accountable Officer's responsibilities

Under paragraph 15(1) of Schedule 1 to the Scottish Public Services Ombudsman Act 2002, the Ombudsman is required to prepare a statement of accounts for each financial year in the form as directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Ombudsman's affairs at the year-end, 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 Ombudsman is required to:

- observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on a "going concern" basis, unless it is inappropriate to presume that the Ombudsman will continue in operation.

The Scottish Parliamentary Corporate Body (SPCB) designated the Ombudsman as the Accountable Officer for the SPSO. The relevant responsibilities as Accountable Officer are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Government and published in the Scottish Public Finance Manual. These include the propriety and regularity of the public finances for which the Accounting Officer is accountable, the keeping of proper records, and safeguarding the SPSO's assets.

As Accountable Officer for the SPSO, I can confirm that:

- as far as I am aware, there is no relevant audit information of which the Auditors are unaware
- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information
- the Annual Report and Accounts as a whole is fair, balanced and understandable
- I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

3. Governance statement

I took up the post of Scottish Public Services Ombudsman and Accountable Officer on 1 May 2017 for an eight-year appointment. As Accountable Officer, the Ombudsman has responsibility for maintaining a sound system of governance and internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am responsible.

I have in place a scheme of control, the key features of which are:

- The Ombudsman holds the role of Accountable Officer.
- The Ombudsman is supported by the Leadership Team (LT), which comprises the Ombudsman, the Director, and the Head of Improvement, Standards and Engagement. Individual members of the LT have delegated authority to make decisions as set out in the Ombudsman's scheme of delegation.

Accountability Report

Corporate Governance Report

- The Ombudsman chairs formal meetings of the LT to consider finance and audit matters, the annual business plan, the risk register, and the strategic direction of the organisation at least every quarter.
- The LT also meets on a weekly basis to oversee the day-to-day running of the operation.
- The Ombudsman is supported by the Audit and Advisory Committee (AAC), which provides assurance and advice about governance, including management of risk. The AAC meets at least three times a year to consider audit matters and approach to management of risks to the business in relation to strategic direction of the organisation.
- External scrutiny is provided by an internal audit function through a shared services arrangement with the Scottish Legal Aid Board, and external auditors appointed by the Auditor General for Scotland. There is a rolling three-year internal audit programme in place, of which 2017–18 was the third year of the three-year plan for 2015–18.
- Risk is managed actively through a risk management policy which sets out the approach to risk management for the delivery of strategic aims. The risk register, identifies the key risks facing the organisation, is reviewed and updated with the business plan on an annual basis with input from all staff. It is also reviewed by the LT each quarter and the AAC at each meeting.

The most significant strategic risk to the organisation in 2017–18 remained the adequacy of resources to deliver a quality service that delivers effective complaints handling within an acceptable timescale. The majority of the SPSO's workload is demand-led. As a consequence the number and complexity of complaints, enquiries and Scottish Welfare Fund review applications received is outside our control and fluctuates. The LT monitor this closely.

- The system of internal financial control is based on agreed administrative procedures and the system of delegation and accountability.
- Compliance with generally accepted best practice principles and relevant guidance on corporate governance has been assessed using an internal control checklist. The checklist is based on that provided within the Scottish Public Finance Manual (SPFM) and a proportionate approach has been adopted, reflecting the relatively small size and simple structure of the SPSO whilst recognising the wider impact of her duties.

3.1 Fraud, corruption and bribery

Our policies and procedures on fraud, corruption and bribery include the Anti-Fraud policy; Codes of Professional Conduct; the terms and conditions for the supply of goods and services; and the broader financial governance arrangements.

We maintain a gifts register, which is updated regularly.

We declare any fraud, whistleblowing or control failure incidents to the AAC and this forms part of the annual assurance process. In 2017/18 there were no instances of fraud or bribery identified or detected in SPSO.

Accountability Report

Corporate Governance Report

3.2 Review of effectiveness of internal control and risk management

I am satisfied that the current Scheme of Control provides a robust and appropriate framework for good governance and internal control. My office formally complies with the principles of the Scottish Public Finance Manual in line with the Financial Memorandum agreed with the SPCB.

I am assured that throughout 2017–18 the LT have ensured consistent adherence to procedures for internal control, especially in the key business areas of financial management, operational and employee data management and risk management. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control will continue to evolve to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The preparation of the annual business plan takes account of the Public Service Improvement Framework, Audit Scotland reports and Best Value in Public Services characteristics.

In February 2012, Audit Scotland reviewed the risk register and provided recommendations to management for improvement that were fully adopted. This has formed the basis for each successive register, including the 2017–18 register. The Internal Audit function reviews the process for managing risk on an annual basis. The overall risk profile for 2017–18 was low to moderate. The only significant risks to carry forward into 2018–19 were the risks associated with an increase in cases received with the potential to create a backlog of cases. Control actions for these risks include the application for additional resourcing into 2018–19 and beyond to the SPCB as the funding body.

We have clear guidelines that govern how we handle data. There is a clearly established process for recording and investigation of any potential breaches in data security. All incidents must be logged using an incident recording system and, following an investigation, any identified risks mitigated as far as possible. There were no known or reported serious breaches of data security in the year.



Rosemary Agnew
Scottish Public Services Ombudsman
7 September 2018

Accountability Report

Remuneration and Staff Report

4. Remuneration report

All information disclosed in the tables below and the 'Fair pay disclosure' are subject to external audit. The other sections in the Remuneration and Staff Report are reviewed by the external auditors to ensure they are consistent with the financial statements.

4.1 Audit and Advisory Committee

The Ombudsman's Audit and Advisory Committee has three independent members including the Chair of the committee. The annual remuneration for the independent members of the committee, which is set by the Ombudsman, fell within the band £0 – £5,000 (2016–17 £0 – £5,000). All independent committee member appointments are part-time and are non-pensionable.

4.2 Senior Management

The salaries (including overtime, but excluding employer's superannuation and national insurance contributions), benefits in kind and pension entitlements of the Ombudsman and Director are set out below. Information is presented for the whole year to 31 March 2018.

| Remuneration | 2017–18 £'000 | | | 2016–17 £'000 |
|----------------------|------------------|-------------------------------|-------------------------|------------------|
| Ombudsman | TOTAL | Rosemary Agnew (11 months) | Jim Martin (1 month) | Jim Martin |
| Salary | 80-85 | 75-80 | 5-10 | 85-90 |
| Benefits in kind | Nil | Nil | Nil | Nil |
| Pension benefits (i) | 12 | 30 | -18 | 33 |
| Total | 70-75 | 105-110 | -10 | 115-120 |
| Director | | | | |
| Salary (FTE) | 80-85 | | | 80-85 |
| Benefits in kind | Nil | | | Nil |
| Pension benefits (i) | 12 | | | 12 |
| Total | 95-100 | | | 95-100 |

Accountability Report

Remuneration and Staff Report

The full-year equivalent for each Ombudsman equates to:

- Jim Martin 85 – 90 £'000, and
- Rosemary Agnew 80 – 85 £'000.

| Pension Benefits | Total accrued pension at age 60 as at 31 March 2018 and related lump sum | Real increase in pension and related lump sum at age 60 | CETV at 31 March 2018 | CETV at 31 March 2017 | Value of CETV increase over year funded by the employer | Employer contribution to private pension account |
|-------------------------|--|---|-----------------------|-----------------------|---|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Ombudsman | | | | | | |
| Rosemary Agnew | 10-15 | 0-2.5 | 147 | 121 | 17 | 0 |
| Jim Martin | 15-20 | 0 | 288 | 300 | -16 | 0 |
| Director | | | | | | |
| Nicola Maclean (ii) | 0 | 0 | 0 | 0 | 0 | 12 |

Notes:

- The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
- The Director's pension is a private scheme and has no bearing on the Ombudsman's accounts.

4.3 The Cash Equivalent Transfer Value (CETV)

A 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 pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

Accountability Report

Remuneration and Staff Report

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

4.4 The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the member (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

4.5 Service contracts

The SPCB set the Ombudsman's remuneration. The Ombudsman is appointed by Her Majesty the Queen, following nomination by the Scottish Parliament.

The Director holds an appointment which is open ended until retirement. The terms of employment are set by the Ombudsman and approved by the SPCB, in line with the SPSO Act (2002).

4.6 Severance payments

No severance payments were made during the year.

4.7 Staff salary profile as at 31 March 2018

| | £'000 | % |
|-----------|-------|-------|
| Permanent | 2,202 | 93.9% |
| Other | 142 | 6.1% |

4.8 Fair Pay Disclosure

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

The SPSO staff remuneration ranged from £21,056 – £82,182 (2016–17 £20,656 – £80,562). The highest paid member of the senior management was the Ombudsman. The banded remuneration of the Ombudsman was £80-85k (2016–17 £85-90k). This was 2.29 times (2016–17 2.27) the median remuneration of the workforce, which was £36,805 (2016–17 £38,516). The change in ratio is due to employee turnover and staffing changes; including the number of new appointments at the starting point of the pay grade, or higher if the required competencies were exceeded, in line with our Pay and Pay Arrangements policy.

During the 2017–18 accounting period, the SPSO was awarded the Living Wage Accreditation status.

Accountability Report

Remuneration and Staff Report

5. Staff report

5.1 Staff numbers

| | Male | % | Female | % | Total |
|--------------|-----------|------------|-----------|------------|-----------|
| Full time | 18 | 25% | 38 | 54% | 56 |
| Part time | 1 | 1% | 14 | 20% | 15 |
| Total | 19 | 26% | 52 | 74% | 71 |
| FTE * | 17 | 29% | 42 | 71% | 59 |

* The average number of full time equivalent (FTE) persons employed by the SPSO during the period

5.2 Staff salaries

| Pay band ⁴² | Male | % | Female | % |
|------------------------|-----------|------------|-----------|------------|
| 1 | 0 | 0% | 4 | 6% |
| 2 | 2 | 3% | 13 | 18% |
| 3 | 15 | 21% | 30 | 42% |
| 4 | 1 | 1% | 1 | 1% |
| 5 | 1 | 1% | 3 | 4% |
| 6 | 0 | 0% | 1 | 1% |
| Total | 19 | 27% | 52 | 73% |

5.3 Staff composition

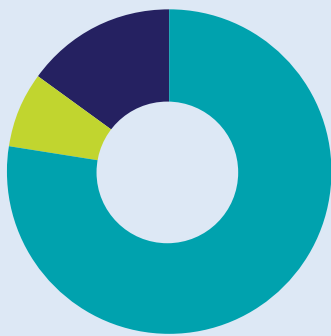
| | Male | % | Female | % |
|--------------|-----------|------------|-----------|------------|
| Director | | | 1 | 100% |
| Employees | 19 | 27% | 51 | 73% |
| Total | 19 | 27% | 52 | 73% |

⁴² We publish our pay bands here: www.spsos.org.uk/class-5-how-we-manage-our-human-physical-and-information-resources

Accountability Report

Remuneration and Staff Report

5.4 Breakdown of staff costs



| | £0'000 |
|-----------------------|--------|
| Salaries / Wages | 2,560 |
| Social Security Costs | 249 |
| Pension Costs | 485 |

5.5 Staff sickness absence

Absence is monitored and reported to management on a monthly, quarterly and annual basis. At 31 March 2018, the office of the Ombudsman recorded a total of 335.5 days' absence for the year for 72 staff compared against last year's figure of 279.5 days for 67 staff. The average number of days per employee was 4.7 compared to 4.4 in 2016/17 and 3.5 in 2015/16. In 2017/18 52.8% of staff had a period of absence compared to 64% in 2016/17.

The overall figure of 4.7 days per employee (including long-term absence) is below the average figure of 6.6 days reported for public sector employees in 2018 (*Chartered Institute of Personnel Health and Wellbeing at Work 2018: Public Sector Summary' Published May 2018*).

Sickness absence is divided into short and long term; long-term absence is defined as any period of/or over 10 consecutive days. Therefore, excluding long-term absence, 232.5 days were recorded with an average number of 3.2 days per employee, compared to 3.3 in 2017/18 and 1.0 day in 2015/16.

5.6 Employee turnover and staffing changes

In 2017–18 five members of staff retired or resigned, including one member of staff from the management team. In response to this, SPSO recruited people into each of these roles. Four vacancies were created as a result of internal promotions. We had three members of staff on maternity leave during 2017–18 for which we recruited maternity cover.

5.7 Staff policies for disabled persons

The SPSO is committed to providing a fair and inclusive workplace free from discrimination, that promotes equality of opportunity for all. As part of standard recruitment practice, applications are encouraged from those with disabilities who meet the essential selection criteria.

Staff with management responsibilities receive HR advice and support in relation to working with individual team members to ensure all staff are well supported in their roles; adjustments are made and monitored as individual circumstances change over time and in line with the relevant HR policies.

Accountability Report

Remuneration and Staff Report

6. Other employee matters

6.1 Equality and diversity

The Ombudsman supports the principle of equal opportunities in carrying out operational functions and employment practices. The SPSO is committed to pursuing positive action through the organisation's policies and practices to ensure that no individual is discriminated against, either directly or indirectly, unlawfully or unjustifiably because of their personal status in relation to race, ethnic or national origin, religion, age, gender, disability and sexual or marital status.

6.2 Employee participation

SPSO achieved gold accreditation in Investors in People, valid from 2016–17 to 2020. Investors in People carried out its annual review in February 2017, the outcome being the SPSO retain their accreditation.

This level of accreditation recognises organisations which strive for the best possible standards in people and management, the nurturing of talent, and which encourage personal development. IIP is an internationally recognised accreditation held by 14,000 organisations across the world, and gold accreditation is only awarded to the top 2% of organisations assessed.

We carried out our staff survey in November 2017. The results of the survey were very positive, indicating high levels of job satisfaction, engagement and dedication from SPSO staff. Staff indicated a strong sense of commitment to the organisation, despite the challenges of demanding workloads. Our staff survey reports are published annually on our website ⁴³.

6.3 Learning and development

SPSO runs a comprehensive annual performance review process, where individuals are encouraged and supported to plan for their own development needs and career plans. In addition, we review our own learning and development requirements and deliver training programmes and development opportunities on a rolling basis.

Group training sessions are delivered by a mix of internal and external experts. In 2017–18 this included areas such as realistic medicine, sharing good practice, making clear recommendations, altruism in organisations, influencing skills, challenging conversations, unconscious bias and decision-making, social care, equal opportunities and diversity awareness, legal matters and issues, initiatives to promote positive mental health, Home Energy Scotland, and internal knowledge-sharing sessions.

We ran a number of induction sessions for colleagues new to the organisation, including telephone training and a ten-week Complaints Handling Induction Programme.

⁴³ www.spsso.org.uk/research-and-surveys

Accountability Report

Remuneration and Staff Report

6.4 Health, safety and wellbeing

The SPSO is committed to promoting the health and safety and wellbeing of all staff, and to ensuring that our working environment supports this. Our systematic approach to health and safety ensures we comply with all legislative obligations. It also ensures we all know what is expected of us and what we can expect of colleagues, by setting out the correct way of carrying out our duties. Perhaps most importantly, it provides a foundation for continually improving health and safety management within the SPSO. Health and safety continues to be an integral part of the overall management culture and we seek to develop a positive attitude to health and safety amongst staff.

Further detail on our approach to health and safety is published on our website.⁴⁴ In addition to our qualified first aiders, in 2017 SPSO established a Staff Wellbeing Group, consisting of staff members with an interest and training in mental health first aid.

6.5 Trades union relations

We recognise the value and importance of good industrial relations, and effective communication with our staff. In addition to the activities related to staff consultation and participation described above, the management team meet regularly with staff representatives of the Public and Commercial Services Union (PCS) with regards to pay and other related matters.



Rosemary Agnew

Scottish Public Services Ombudsman

7 September 2018

⁴⁴ www.spsso.org.uk/spsso-policies

Independent Auditor's Report

to the Scottish Public Services Ombudsman, the Auditor General for Scotland and the Scottish Parliament

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Scottish Public Services Ombudsman for the year ended 31 March 2018 under the Scottish Public Services Ombudsman Act 2002. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers.

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

In preparing the financial statements, the Accountable Officer is responsible for assessing the body'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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website⁴⁵. This description forms part of our auditor's report.

The committee met four times and considered each of the internal audit reports. In 2017–18 our internal auditors, the Scottish Legal Aid Board (under a shared services agreement), looked at the areas of payroll, absence, risk management, and IS installation, and provided a consultancy report on our data protection processes in preparation for the introduction of GDPR. The internal audit reports achieved satisfactory or above and the auditors raised no issues of significance.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with our audit of the financial statements, our responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on regularity of expenditure and income

Opinion on regularity

In our opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

⁴⁵ www.frc.org.uk/auditorsresponsibilities

Independent Auditor's Report

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In our opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers.

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.



Pat Kenny, CPFA (for and on behalf of Deloitte LLP)
110 Queen Street, Glasgow G1 3BX

7 September 2018

Financial Statements

Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2018

| | | 2017–18 | 2016–17 |
|---|-------|--------------|--------------|
| | Notes | £'000 | £'000 |
| Administrative Costs | | | |
| Staff Costs | 4, 5 | 3,414 | 3,070 |
| Other Administration Costs | 6 | 949 | 926 |
| Depreciation | 7 | 45 | 42 |
| Other Operating Income | 3 | (79) | (698) |
| Net Administration Costs | | 4,329 | 3,340 |
| Net Operating Costs and total comprehensive net expenditure for the year | | 4,329 | 3,340 |

All amounts relate to continuing activities. There have been no gains or losses.

The accompanying notes on pages 59 – 66 form an integral part of these accounts.

Financial Statements

Statement of Financial Position as at 31 March 2018

| | | 2017–18 | 2016–17 |
|---|-------|--------------|--------------|
| | Notes | £'000 | £'000 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 7 | 64 | 80 |
| Intangible Assets | 8 | – | – |
| Total Non-Current Assets | | 64 | 80 |
| Current Assets | | | |
| Trade and Other Receivables | 9 | 132 | 114 |
| Cash and Cash Equivalents | 10 | 153 | 94 |
| Total Current Assets | | 285 | 208 |
| Total Assets | | 349 | 288 |
| Current Liabilities | | | |
| Trade and Other Payables | 11 | (190) | (168) |
| Total Current Liabilities | | (190) | (168) |
| Non Current Assets Plus Net Current Assets | | 159 | 120 |
| Non-Current Liabilities | | – | – |
| Assets Less Liabilities | | 159 | 120 |
| Taxpayers' Equity | | | |
| General Fund | | 159 | 120 |
| Total Taxpayers' Equity | | 159 | 120 |

The accompanying notes on pages 59 – 66 form an integral part of these accounts.



Rosemary Agnew
Scottish Public Services Ombudsman
7 September 2018

Financial Statements

Statement of Cash Flows for Year Ended 31 March 2018

| | 2017–18 | 2016–17 |
|---|----------------|------------------------------|
| | £'000 | £'000 |
| Cash Flows From Operating Activities | | |
| Net Operating Cost | (4,329) | (3,340) |
| Adjustment for Non Cash Transactions | | |
| Depreciation | 45 | 42 |
| Movements in Working Capital | | |
| (Increase)/Decrease in Trade and Other Receivables | (18) | 14 |
| Increase/(Decrease) in Trade and Other Payables | 22 | 10 |
| Net Cash Outflow From Operating Activities | (4,280) | (3,274) |
| Cash Flows From Investing Activities | | |
| Purchase of Property, Plant and Equipment | (29) | (32) |
| Purchase of Intangible Assets | – | |
| Net Cash Outflow From Investing Activities | (29) | (32) |
| Cash Flows From Financing Activities | | |
| Financing from the Scottish Parliamentary Corporate Body | 4,368 | 3,360 |
| Net Cash Inflow From Financing Activities | 4,368 | 3,360 |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | |
| Cash and Cash equivalents at the beginning of the period | 94 | 40 |
| Cash Flow in Year | 59 | 54 |
| Cash and Cash equivalents at the end of the period | 153 | 94 |
| Statement of Changes in Taxpayers' Equity for Year Ended 31 March 2018 | | |
| | | General Fund £'000 |
| Balance at 31 March 2017 | | 120 |
| Net Operating Costs and Total Comprehensive Net Expenditure for the Year | | (4,329) |
| Funding From SPCB | | 4,368 |
| Balance at 31 March 2018 | | 159 |

Financial Statements

Notes to the Accounts

1. Accounting policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) in compliance with the accounts direction issued by Scottish Ministers. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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 Ombudsman for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Ombudsman are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Property, plant and equipment

1.2.1 Capitalisation

Capital purchases for a value exceeding £500 inclusive of irrecoverable VAT are treated as capital. However, the threshold for land and buildings is set at £10,000 and the IT equipment threshold is where the Group value exceeds £500.

1.2.2 Software licences are capitalised as intangible fixed assets and amortised on a straight-line basis over the expected life of the asset (2 or 3 years).

1.2.3 Valuation

As appropriate, non-current assets are valued at their value to the organisation by reference to current costs.

1.2.4 Depreciation

Depreciation is provided on all non-current assets at rates calculated to write off the cost or valuation in equal instalments over the remaining estimated useful life of the asset. These are as follows:

| | |
|----------------------------------|------------------------------|
| Leasehold improvements | Over the period of the lease |
| Equipment | 5 years |
| Furniture, Fixtures and Fittings | 5 years |
| IT Hardware and Systems | 2 or 3 years |

1.2.5 There are no assets held for resale.

Financial Statements

Notes to the Accounts

1.3 Funding receivable

Funding received through the Scottish Parliamentary Corporate Body (SPCB) is credited directly to the General Fund in the period to which it relates.

1.4 Operating income

Operating income relates directly to the activities of SPSO. It comprises fees for training events charged on a cost recovery basis, and leasing surplus office car park spaces. Income is credited to the Statement of Comprehensive Net Expenditure in the year to which they relate.

1.5 Leases

Operating income relates directly to the activities of SPSO. It comprises fees for training events charged on a cost recovery basis, and leasing surplus office car park spaces. Income is credited to the Statement of Comprehensive Net Expenditure in the year to which they relate.

1.6 Pension costs

The Ombudsman and office staff are members of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme with benefits underwritten by the Government. As a result, the SPSO is unable to identify its share of the underlying assets and liabilities and, therefore, it is accounted for as a defined contribution scheme and no liability is shown in the Statement of Financial Position. A full actuarial valuation was carried out as at 31 March 2012. The PCSPS is financed by payments from the employer and from those current employees who are members of the PCSPS, who pay contributions at different rates which depend on their salaries and the section of the pension scheme of which they are a member. The rate of employer contributions is typically set following an actuarial valuation. The previous valuation was carried out as at 31 March 2007 and this recommended an employer contribution rate of 18.9% of pensionable pay. Government Actuary's Department has been appointed as the PCSPS actuary. Further details can be found in the separate scheme statement of the PCSPS Actuarial valuation.⁴⁶

1.7 Value Added Tax

The office of the Ombudsman is not registered for VAT, as such all amounts are recorded inclusive of VAT.

1.8 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual agreement, as either financial assets or financial liabilities.

The office of the Ombudsman has classified its financial instruments as follows:

Financial Assets

Cash and cash equivalents, trade debtors, accrued income and amounts receivable are reported in the 'Current Assets' category.

Financial Liabilities

Trade payables, accruals and creditors are classified as 'Current Liabilities'.

⁴⁶ www.civilservicepensionscheme.org.uk/media/94676/pcspss-2012-valuation-final-report-final-22072014.pdf

Financial Statements

Notes to the Accounts

1.9 Critical judgements in applying accounting policies

In applying the accounting policies set out in these Notes, the Ombudsman has had to make judgements about financial transactions or those involving uncertainty about future events. The critical judgement made in the Financial Statements is that the organisation will continue as a going concern and will be appropriately funded by the SPCB.

1.10 Critical accounting estimates

The Financial Statements contain estimated figures that are based on assumptions about the future or that are otherwise uncertain. These estimates relate to the value of tangible and intangible assets. Estimates are made taking account of historical experience, current trends and other relevant factors but cannot be determined with certainty. Actual results could be different from the assumptions and estimates, but are unlikely to be material.

Pension benefits are provided through the Civil Service pension arrangements. The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes in which the Ombudsman's office is unable to identify its share of the underlying assets and liabilities.

1.11 Standards issued not effective

- IFRS 9 Financial Instruments was issued in July 2014, effective for periods beginning on or after 1 January 2018. This was EU endorsed in November 2016. HM Treasury is working towards implementing the standard in the FReM from 2018–19.
- IFRS 15 Revenue from Contracts with Customers was issued in May 2014, effective for periods beginning on or after 1 January 2018. It is not yet endorsed by the EU but is expected to be in 2017. HM Treasury is working towards implementing the standard in the FReM from 2018–19.
- IFRS 16 Leases was issued in January 2016, effective for periods beginning on or after 1 January 2019. It is not yet endorsed by the EU but is expected to be in late 2017. The introduction of IFRS 16 is subject to analysis and review by HM Treasury and the other Relevant Authorities. HM Treasury will issue an Exposure Draft on IFRS 16 in advance of the effective date.
- IAS 7 Statement of Cash Flows disclosure initiative issued in January 2016, effective for periods beginning on or after 1 January 2017. It is not yet endorsed by the EU but is expected to be in 2017. HM Treasury is working towards implementing the standard in the FReM from 2018–19.
- The Ombudsman does not expect that the adoption of the Standards and Interpretations detailed above for IFRS 9, IFRS 15 and IAS 7 will have a material impact on the financial statements of the Ombudsman in future periods.
- IFRS 16 Leases was published by the International Accounting Standards Board in January 2016 and is applicable for accounting periods beginning on or after 1 January 2019. This means that for Ombudsman, the standard will be effective for the year ending 31 March 2020. IFRS 16 will require leases to be recognised on the Statement of Financial Position as an asset which reflects the right to use the underlying asset, and a liability which represents the obligation to make lease payments. At the date of authorisation of these financial statements, IFRS 16 has not been adopted for use in the public sector, and has not been included in the FReM. As such it is not yet possible to quantify the impact of IFRS 16 accurately.

Financial Statements

Notes to the Accounts

2. Prior year adjustment

No prior year adjustment has been made.

3. Income from all sources

| | 2017–18 £'000 | 2016–17 £'000 |
|--|------------------|------------------|
| Income ⁴⁷ | – | 634 |
| Gross Income from Training ⁴⁸ | 72 | 58 |
| Other Operating Income | 7 | 6 |
| | 79 | 698 |

4. Staff numbers and costs

4.1 Average staff employed (full time equivalent)

The average number of full time equivalent (FTE) persons employed in the office of the Ombudsman during the period was as follows:

| | 2017–18 FTE | 2016–17 FTE |
|-----------|----------------|----------------|
| Ombudsman | 1 | 1 |
| Staff | 59 | 58 |
| | 60 | 59 |

4.2 Breakdown of staff costs

| | Ombudsman £'000 | Staff £'000 | Total £'000 |
|---|--------------------|----------------|----------------|
| Administrative Costs | | | |
| Salaries / Wages | 88 | 2,560 | 2,648 |
| Social Security Costs | 11 | 249 | 260 |
| Pension Costs | 21 | 485 | 506 |
| | 120 | 3,294 | 3,414 |
| Comparative for Year Ended 31 March 2017 | | | |
| Administrative Costs | | | |
| Salaries / Wages | 86 | 2,277 | 2,363 |
| Social Security Costs | 11 | 228 | 239 |
| Pension Costs | 21 | 447 | 468 |
| | 118 | 2,952 | 3,070 |

Staff costs rose in 2017–18 due to annual increments and recruitment of staff numbers for the new jurisdiction of social work complaints.

⁴⁷ We received this funding directly from the Scottish Government for the SPSO to fulfil new statutory duties in relation to the Scottish Welfare Fund and Social Work complaints.

⁴⁸ £20,045 (2016-17 £30,058) of Staff Costs and Other Administration Costs (notes 4 and 6) have been identified as being directly attributable to the Training Unit.

Financial Statements

Notes to the Accounts

5. Pension costs

For 2017–18, employer’s contributions of £441,000 were payable to the PCSPS at one of four rates in the range 20.0% to 24.5% of pensionable pay, based on salary bands. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. There were no outstanding scheme contributions at 31 March 2018 (2017 £0).

On death, pensions are payable to the surviving spouse at the rate of half of the member’s pension. On death in service, the scheme pays a lump sum benefit of at least twice pensionable pay, depending on the scheme joined within PCSPS, and also provides a service enhancement on computing the spouse’s pension. The enhancement depends on the length of service and cannot exceed ten years. Medical retirement is possible in the event of serious ill health. In this case, pensions are brought into payment immediately without actuarial reduction and with service enhanced as for widow(er) pensions.

11 employees have opted for a partnership pension account with a private sector pension scheme into which the SPSO made an employer contribution to the value of £42,000 in 2017–18. Employer contributions include a matching contribution up to 3% and are age-related and ranging from 8% to 13.5% of pensionable pay.

6. Other administrative costs

| | 2017–18 £'000 | 2016–17 £'000 |
|---|------------------|------------------|
| Property Costs | 304 | 296 |
| Professional Advisers ⁴⁹ | 257 | 248 |
| Professional Services | 61 | 64 |
| General office Running Costs | 194 | 209 |
| Staff Training | 26 | 29 |
| Travel and Expenses | 16 | 22 |
| Printing and Publications | 39 | 14 |
| Telephones and Postage | 37 | 26 |
| External Communications and Training Unit Costs | 15 | 18 |
| | 949 | 926 |

The above total includes £17,520 (2016–17 £17,260) for external auditor’s remuneration. The external auditor received no fees in relation to non-audit work. Included within General Office Running Costs are £1,479 (2016–17 £6,207) of equipment rental costs in association with operating leases.

⁴⁹ Professional adviser costs were previously included in staff costs.

Financial Statements

Notes to the Accounts

7. Property, plant and equipment

| | Leasehold Improvements £'000 | Equipment £'000 | Furniture Fixtures & Fittings £'000 | IT Hardware & Systems £'000 | Total £'000 |
|--------------------------|------------------------------------|--------------------|--|-----------------------------------|----------------|
| Cost | | | | | |
| At 1 April 2017 | 493 | 22 | 186 | 213 | 914 |
| Additions | – | – | – | 29 | 29 |
| At 31 March 2018 | 493 | 22 | 186 | 242 | 943 |
| Depreciation | | | | | |
| At 1 April 2017 | 445 | 21 | 186 | 182 | 834 |
| Charge for Year | 33 | – | – | 12 | 45 |
| At 31 March 2018 | 478 | 21 | 186 | 194 | 879 |
| Net Book Value at | | | | | |
| 31 March 2018 | 15 | 1 | – | 48 | 64 |
| 31 March 2017 | 48 | 1 | – | 31 | 80 |

8. Intangible assets

| | £'000 |
|--|------------|
| Cost | |
| At 1 April 2017 | 270 |
| Disposals | – |
| Additions | – |
| At 31 March 2018 | 270 |
| Amortisation | |
| At 1 April 2017 | 270 |
| On disposals | – |
| Charge for Year | – |
| At 31 March 2018 | 270 |
| Net Book Value at 31 March 2018 | – |
| Net Book Value at 31 March 2017 | – |

Financial Statements

Notes to the Accounts

9. Trade receivables and other current assets

| | 2017–18 £'000 | 2016–17 £'000 |
|---------------|------------------|------------------|
| Prepayments | 129 | 102 |
| Other Debtors | 3 | 12 |
| | 132 | 114 |

10. Cash and cash equivalents

| | 2017–18 £'000 | 2016–17 £'000 |
|---|------------------|------------------|
| Balance at 1 April | 94 | 40 |
| Net change in cash and cash equivalents | 59 | 54 |
| Balance at 31 March | 153 | 94 |
| Cash held at commercial banks | 153 | 94 |

11. Trade payables and other current liabilities – amounts falling due within one year

| | 2017–18 £'000 | 2016–17 £'000 |
|----------------------------------|------------------|------------------|
| Trade Payables | 25 | 7 |
| Accruals – HMRC | 75 | 72 |
| Accruals – non-government bodies | 90 | 89 |
| | 190 | 168 |

Financial Statements

Notes to the Accounts

12. Operating leases

| | Buildings £'000 | Totals £'000 |
|---|--------------------|-----------------|
| <i>The total of future minimum lease payments under non-cancellable operating leases for each of the following periods:</i> | | |
| Within One Year of the Balance Sheet Date | 71 | 71 |
| Within Two to Five Years of the Balance Sheet Date | – | – |
| Over Five Years of the Balance Sheet Date | – | – |
| | 71 | 71 |
| Comparative for Year Ended 31 March 2017 | | |
| Within One Year of the Balance Sheet Date | 163 | 163 |
| Within Two to Five Years of the Balance Sheet Date | 71 | 71 |
| Over Five Years of the Balance Sheet Date | – | – |
| | 234 | 234 |

13. Related party transactions

The Scottish Public Services Ombudsman was constituted by the Scottish Parliament which provides funding for the Ombudsman. The SPCB is regarded as a related body. Neither the Ombudsman nor the Ombudsman's staff have undertaken material transactions with the SPCB nor with the Ombudsman's office during the year.

14. Post balance sheet events

No event has occurred since the date of the balance sheet which materially affects the financial statements.

15. Financial instruments

Financial assets are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the assumption that the fair value of trade and other receivables is taken to be the invoiced or billed amount.

Credit risk – The Ombudsman receives funding on a monthly basis and restricts cash holdings to a minimum.

Liquidity risk – The Ombudsman does not have any external borrowings.

Market risk – Changes in market interest rates influence the interest on borrowings and on interest receivable on surplus funds invested. The Ombudsman does not rely on interest receivable as its key source of income.

Appendix 1: Direction by the Scottish Ministers

The Scottish Ministers, in pursuance of paragraph 15 (1) of Schedule 1 of the Scottish Public Services Ombudsman Act 2002, hereby give the following direction.

The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 1 December 2004 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 6 November 2006





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