

**SCOTTISH  
PUBLIC  
SERVICES  
OMBUDSMAN**



People Centred | Improvement Focused



# Annual Report and Accounts 2018-19



# Contents

<b>Overview</b>	<b>2</b>
Ombudsman's introduction	2
SPSO role and function	3
At a glance	4
Our vision, values and strategic aims	6
<b>Performance Report</b>	<b>8</b>
Enquiries	8
Complaints overview	10
Complaints assessment	14
Complaints investigation	15
Complaints reviews	17
Scottish Welfare Fund	18
Model Complaints Handling Procedure (MCHP)	22
Complaints handling standards: learning from complaints	24
Stakeholder engagement	28
Customer service: feedback and service complaints	31
Managing the organisation: transparency and openness	34
Managing the organisation: our team	36
Managing the organisation: governance	38
Looking forward	42
<b>Accountability Report &amp; Financial Statements</b>	<b>44</b>
Accountability Report	45
Independent Auditor's Report	58
Financial Statements	63
Appendix	75

Please note that percentages in this report are rounded. Therefore, totals may not always equal 100%.

# Ombudsman's introduction

It is a truism that change is constant. So constant is it that it takes reflection to identify just how much change there has been in a short time. This is very much so for the SPSO.

The biggest thing to hit us last year was our office move. We left our original home in Melville Street and moved into Bridgeside House on McDonald Road on 1 December 2018. For us, this was a huge undertaking; all credit to everyone for it going so smoothly – our Corporate Services team who project managed the move, and everyone who packed up and moved whilst at the same time keeping work moving. Our new offices have some very positive benefits; as well as being more accessible for us and anyone who visits us, they are large enough to accommodate all of us comfortably and, being more open plan, enable greater collaboration, communication and team work.

Our office move was also a milestone for the Scottish Parliament's Corporate Body, as we share the building with two other parliamentary office holders: the Children and Young People's Commissioner Scotland and the Scottish Human Rights Commission. While we all have our own space, we share common areas like the training room and boardroom, collectively making much more efficient use of publicly funded accommodation.

We maintained a good level of output in both complaints (pages 11-13) and Scottish Welfare Fund review applications (pages 18-21), meeting or exceeding all but one of our key performance indicators.

We worked on our own processes and made a significant change in February 2019 when we introduced 'provisional

decisions'. This had significant impact. It has extended the time taken to conclude an investigation, as it is an additional step. However, we think this is more than compensated for, because it brings the benefits of greater transparency of decision-making, builds on the already good quality of our work and is already demonstrating good outcomes.

We also reviewed how and when we provide support to public bodies to help them improve performance, and how and when we will take more direct action. This culminated in the publication of our Support and Intervention Policy on 1 April 2019 (page 27). This policy is enabling us to use what we learn about complaints to have greater impact on learning and improvement across the public sector. It is still in its early days and we are monitoring it.

## Key issues and risks

Our key risk was, and remains, resourcing. While complaint numbers have remained relatively stable, the proportion of these requiring investigation has risen by 16%<sup>1</sup> (from 627 in 2017-18 to 726 in 2018-19). The impact of this is higher caseloads (which take a greater investigative resource), and my concern about our ability to maintain both staff wellbeing and operational performance is growing. Scottish Welfare Fund review applications are also rising.

It is not just on our staff that this has an impact. If we cannot maintain output to a good standard, it will impact on those who come to us as they have to wait longer than necessary for an outcome, and on organisations being complained about, which can be stressful for their

<sup>1</sup> All percentage figures over 1% in this report are rounded



Our key risk, and it is intensifying, is resourcing. We struggle to meet the demands placed on us without compromising quality and while maintaining a people-centred approach.

staff. Ultimately it can undermine trust and confidence in the office of the Ombudsman.

However great the pressures of casework, we remain committed to carrying out work of the highest quality. We quality assure our work and draw on feedback, suggestions, complaints about our service, and on learning from other organisations to improve our work.

This year we took a risk-based approach to quality assurance that resulted in us refining our approach to cases which are closed early in the process.

## Looking forward

This time last year, I mentioned the upcoming implementation of the Independent National Whistleblowing Officer (INWO) role for the NHS in Scotland. Various delays outside SPSO's control mean that this did not happen in 2018-19. It is now due to 'go-live' on 1 July 2020. More about that and other major pieces of work on pages 42-43.



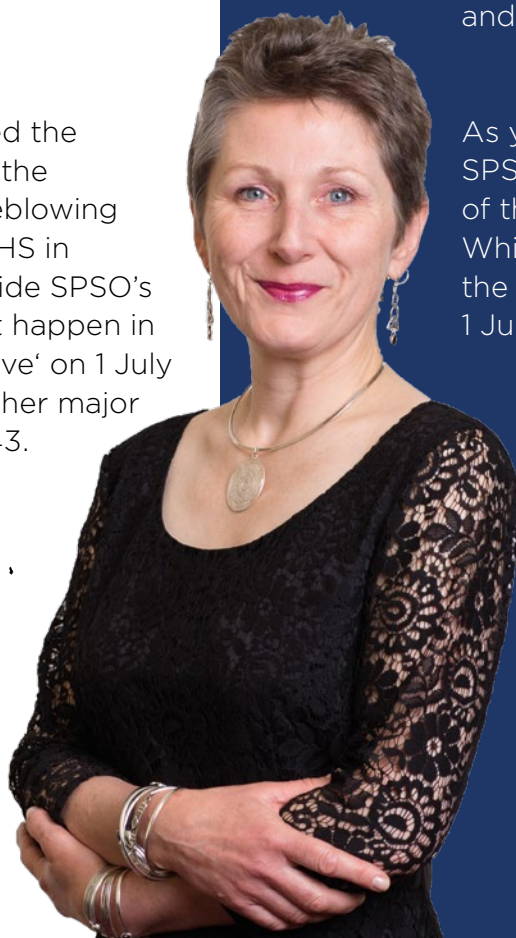
**Rosemary Agnew**  
Scottish Public Services  
Ombudsman

# SPSO role and function

The SPSO has a wide remit, covering a variety of functions and services. My powers and duties come from the Scottish Public Services Ombudsman Act 2002 which gives me three distinct 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 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.

As you may be aware, the SPSO is taking on the role of the Independent National Whistleblowing Officer for the NHS in Scotland from 1 July 2020.



# At a glance

We handled **1,707 enquiries**



We made **1,160 recommendations** for redress and improvement to public services



We handled **4,188** complaints and determined 3,955 complaints



**4%**

Drop in the number of complaints that reached us prematurely – for the second year running

**68%** of complaints were about the **health sector**



We conducted a review of the Model Complaints Handling Procedure (MCHP) to **improve public sector complaints handling**



While complaint numbers have remained relatively stable, the proportion of those requiring investigation has risen by 16%

We published a public consultation on the draft **National Whistleblowing Standards**



800

**Scottish Welfare Fund** review applications handled

58%

was the overall rate of **upheld complaints**

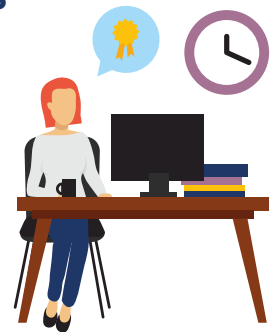
We started issuing **provisional decisions** to both complainants and public bodies



We delivered **37 training events** to public service organisations



**100% of crisis grant review applications** were decided within five working days



We submitted **written evidence to the Scottish Parliament** four times and appeared twice



Our **budget** (including the cost of moving to Bridgeside House) was **£4,732,648** and our total spend was **£4,721,053**

£

# Our vision, values and strategic aims

The SPSO Act 2002 requires the Ombudsman to lay a strategic plan before Parliament every four years. Our strategic plan was refreshed and re-laid in 2018, coming into effect on 1 April 2018.

## Our vision – putting people and learning at the heart of public services

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.

## Our values

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

## Our 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.

## Our business plan

Our strategic plan drives our **business plan** which we publish and update quarterly. Every activity in our business plan contributes to the delivery of our strategic aims.

## Impact

The impact of this integrated approach is that all we do contributes in some way to strategic aims and is rooted in our values and vision. It enables us to demonstrate how complaints handling is intrinsically linked to learning and improvement and the driving up of complaints handling standards.

In times of scarce resources it also provides a framework for prioritising our activity to focus effort on the most effective areas of work, and statutory functions.



## Examples

### **Strategic aim 1: world-class service, transparent and well governed**

- We take an active part in the Ombudsman Association and International Ombudsmen Institute through regular contributions to events, consultations and development of guidance.
- We gave evidence to the Welsh Assembly on the Complaints Standards Authority as part of the review of the Public Services Ombudsman for Wales' (PSOW) legislation. PSOW has recently been given similar powers to Scotland in relation to complaint handling in the Welsh public sector.
- We reviewed and updated our governance arrangements, including risk management and the role and constitution of our Advisory Audit Board.

### **Strategic aim 2: developing capacity**

- We continuously review and quality assure our service, particularly how we investigate complaints, to ensure we continue to investigate fairly, impartially and efficiently. Changes we made include introducing provisional decisions, restructuring our investigation teams and removing an internal process step; supported by guidance and training.
- We keep resources under constant review, particularly our capacity for complaints and Scottish Welfare Fund (SWF) review applications. This work informs what and how we ask for funding. For example, through monitoring we are now able to identify that although complaints have not increased hugely in volume since 2017-18, their complexity has; the number of cases being investigated has risen by 16% (from 627 in 2017-18 to 726 in 2018-19).

### **Strategic aim 3: public sector complaints handling improvement**

- We consulted with public bodies about their experience of Model Complaint Handling Procedures (MCHP). Responses are being analysed and will inform a review of the MCHP.
- We fed back comprehensive comments to the Scottish Government about their SWF guidance, and where we had identified improvements from handling SWF applications.

### **Strategic aim 4: enabling good complaints handling**

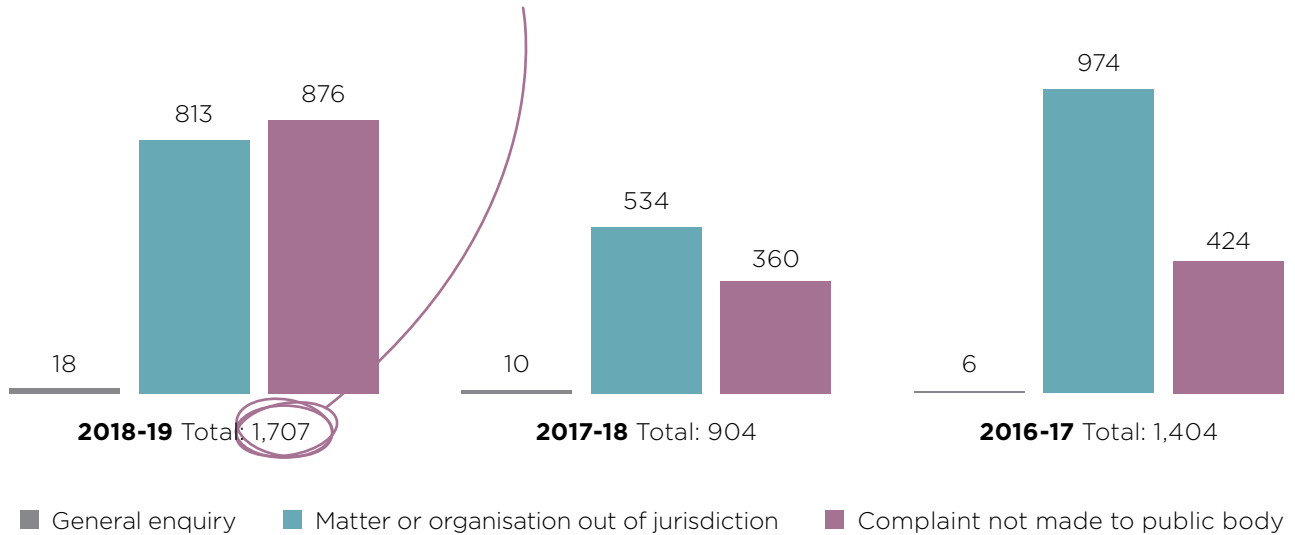
- We developed our Support and Intervention Policy which provides a framework of how and when we offer support to public bodies to improve complaints handling, and when we take direct action to intervene, using our powers. This went live on 1 April 2019.
- We continue, as part of our routine activity, to engage with public bodies in a variety of ways to develop good complaints handling and a positive complaints culture. We provide advice, training and guidance.

### **Strategic aim 5: help people know their rights to complain**

- We started work on a communication strategy which will inform how and what we communicate.
- We started a review of our website to make it more accessible and easier to contact us. The first phase of this was a refreshed homepage where links are clearer and information about making complaints is more prominent: [www.spsso.org.uk](http://www.spsso.org.uk).

# Enquiries

In 2018-19, we received 1,707 enquiries of the following types:



## Signposting

We regularly direct people to other organisations, Ombudsman schemes and complaints handling bodies when we cannot help them. We also signpost to organisations that are able to offer support. We continue to develop our knowledge of organisations that can support people. Throughout the year, to help us better understand the support landscape and improve our signposting arrangements, we invited a number of speakers into our office to learn more about their work and the people that they represent.

We have also developed our complaints form on our website to connect people to the correct organisation to handle their complaint if we are not the appropriate Ombudsman for them.



Top signposted organisations						
	2018-19		2017-18		2016-17	
	No.	%	No.	%	No.	%
Citizens Advice Bureau	89	11%	65	12%	128	14%
Financial Ombudsman Service	88	11%	85	16%	142	15%
Ombudsman Services: Energy	73	9%	66	12%	109	12%
Shelter Housing Advice Line	65	8%	43	8%	64	7%
Water Industry Commission for Scotland	43	5%	17	3%	27	3%
Citizens Advice	39	5%	18	3%	39	4%
Parliamentary and Health Service Ombudsman	35	4%	36	7%	33	4%
Scottish Legal Complaints Commission	32	4%	10	2%	20	2%
Information Commissioner Office – Scotland (DPA)	28	3%	10	2%	15	2%
SIAA – Scottish Independent Advocacy Alliance*	27	3%	-	-	-	-
PASS – Patient Advice and Support Service*	26	3%	-	-	-	-
Ombudsman Services: Communications	25	3%	28	5%	46	5%
Police Investigations & Review Commissioner	23	3%	8	1%	23	2%
ACAS – The Advisory, Conciliation and Arbitration Service**	22	3%	5	0.9%	-	-
First-tier Tribunal for Scotland (Housing and Property Chamber)***	19	2%	18	3%	28	3%
NHS Inform*	17	2%	-	-	-	-
HM Inspectorate of Prisons for Scotland / Independent Prison Monitor*	12	2%	-	-	-	-
Parking and Bus Lane Tribunal for Scotland**	11	1%	3	0.6%	-	-
Planning Aid for Scotland	11	1%	11	2%	14	2%
All Others	128	16%	111	21%	251	26%
<b>Total</b>	<b>813</b>	<b>99%</b>	<b>534</b>	<b>99%</b>	<b>939</b>	<b>100%</b>

\* Added to list in 2018-19 – previously recorded as ‘other’

\*\* Added to list in 2017-18 – previously recorded as ‘other’

\*\*\* The First-tier Tribunal for Scotland (Housing and Property Chamber) performs the functions which used to be carried out by the Private Rented Housing Panel (“PRHP”) and the Homeowner Housing Panel (“HOHP”).

# Complaints overview

## Caseload

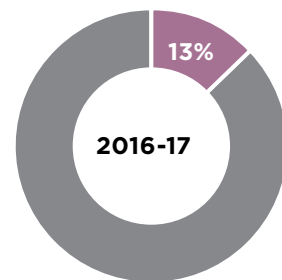
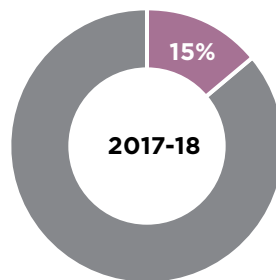
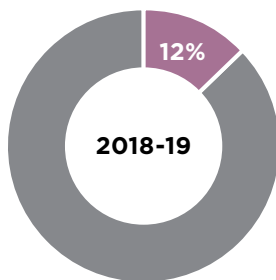
In 2018-19, we received 4,188 complaints, broadly comparable with the previous two years:

	2018-19	2017-18	% change 2017-18 - 2018-19	2016-17
Complaints received	4,188	4,125	2%	4,182
Cases carried forward from previous year	595	702	-15%	631
<b>Total caseload</b>	<b>4,783</b>	<b>4,827</b>	<b>-0.9%</b>	<b>4,813</b>

The number of cases carried forward was lower (accounting for 12% of our caseload, compared to 15% in the previous year). This means, a higher proportion of our caseload was in the current business year compared to previous years.



### Percentage of cases carried forward:



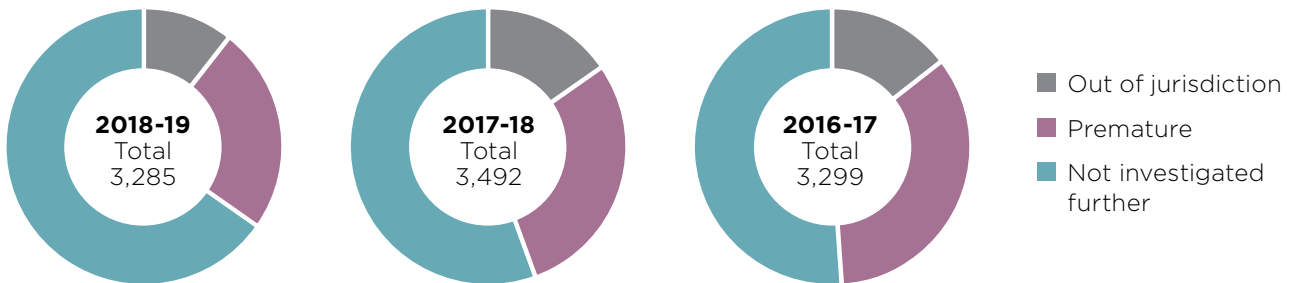
■ Carried forward % of caseload    ■ Received % of caseload

## Complaints at a glance

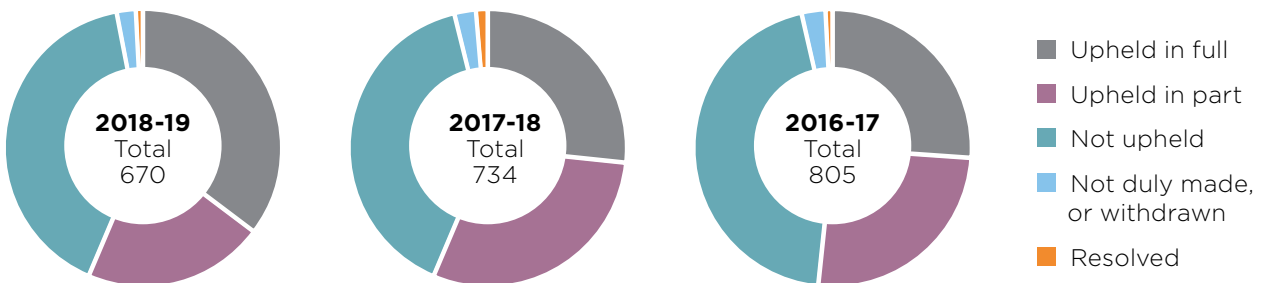
### Overview

	2018-19	2017-18	% change 2017-18 - 2018-19	2016-17
<b>Total caseload</b>	<b>4,783</b>	<b>4,827</b>	<b>-0.9%</b>	<b>4,813</b>
<b>Total cases closed</b>	<b>3,955</b>	<b>4,226</b>	<b>-6%</b>	<b>4,104</b>
Cases carried forward <sup>2</sup>	841	595	41%	702

### Total cases closed at initial assessment



### Total cases closed after investigation



### Premature complaints rate

2018-19	2017-18	2016-17
20%	24%	28%

This year, only 798 of 3,955 complaints came to us prematurely (i.e. before they had exhausted the local complaints handling procedures).

This is a 4% drop for the second year running.

<sup>2</sup> The figure for carried forward cases is run from our open figures on the first day of the year, and the other figures in this table are run 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 (831). Figures for cases carried forward this year may appear higher than in previous years because of the change to provisional decisions which we made in February 2019.



Complaints received by sector

Sector	2018-19	% of 2018-19 total received	2017-18	% change 2017-18 - 2018-19	2016-17
Health (including prison health)	1,451	34%	1,403	3%	1,414
Local Authority	1,301	31%	1,474	-12%	1,528
Housing Associations	323	8%	325	-0.6%	355
Scottish Prison Service	313	8%	275	14%	270
Joint Health & Social Care	209	5%	126	66%	n/a
Scottish Government & Devolved Admin (excluding Scottish Prison Service)	181	4%	199	-9%	260
Universities	164	4%	129	27%	130
Water	164	4%	95	7.3%	174
Other	50	1%	59	-15%	16
Colleges	32	0.8%	40	-20%	35
<b>Total</b>	<b>4,188</b>	<b>100%</b>	<b>4,125</b>	<b>1.5%</b>	<b>4,182</b>

The health sector accounted for the largest proportion of cases received in 2018-19.

This is primarily due to a decrease in complaints received about local authorities compared to last year. The decrease in local authority cases is likely to be attributable to a combination of services delivered by Health and Social Care Partnerships for which we have seen a large increase in complaints, and effective local complaints handling.

Key performance indicators (KPI)

Responding to complaints in a timely manner is a priority for us. In 2018-19, we exceeded our targets in relation to PI-1 and PI-3. While we did not achieve our PI-2 target as a consequence of increased workload and a backlog of unallocated cases, we improved our performance by almost 4% compared to last year.

In 2019-20, we are reviewing our KPIs in light of learning about the complexity of our caseload and the introduction of provisional decisions. We will make them more realistic, but challenging.

KPI	Description	2018-19	2017-18	2016-17
PI-1 complaints	95% of advice stage complaints handled within 10 working days	100%	100%	100%
PI-2 complaints	95% of early resolution complaints decided or moved to more complex investigation stage within 70 working days	89%	85%	88%
PI-3 complaints	95% of investigation complaints decided within 260 working days	97%	97%	96%

## How we handle complaints: overview

### Assessment

The initial stage. We check if we have enough information about the complaint, that the complainant has been through the relevant organisation's complaints process, and that the matter is one the law allows us to look at.

### Investigation

Once we have confirmed that the matter is one we are allowed to look at, we gather the information we will need for an investigation.

- *Proportionality decisions*: some cases are closed if we are able to resolve them, we consider there would be no significant benefit to the complainant, or the outcome desired is unachievable. We make some enquiries, but do not carry out a full investigation. We also check that any action a public body agreed to is delivered.
- *Investigation decisions*: complaints subject to investigation are closed either by letter to the parties or a full public investigation report. When closed by letter, we issue a provisional decision to

the parties, setting out our provisional views and inviting comments before reaching a final decision. When closing a case by full public report (cases meeting our public interest criteria), both parties receive a draft for comment on factual accuracy before we issue a final decision.

### Reviews

Either party can ask us to review a decision closed by letter if they can show that either our decision was based on inaccurate facts, or that new and relevant information has become available and would affect our decision.

### Publication

We are required to lay our decisions before the Scottish Parliament. We also publish our findings to share learning from complaints and inform improvement.

- *Decision summaries*: decisions closed by letter are published as summaries in a compendium for Parliament and publicly in a findings database on our website.
- *Public investigation reports*: investigation decisions closed by report are laid in full before the Scottish Parliament and published online.

# Complaints assessment

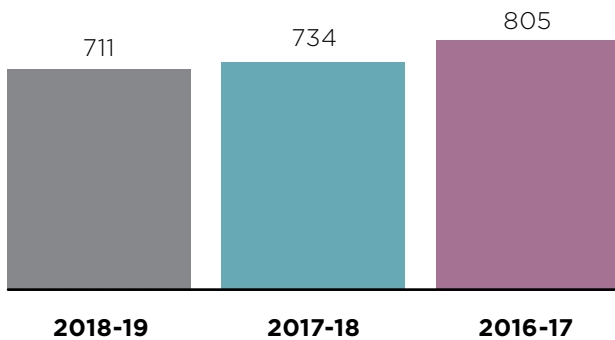
Assessment outcome	Number of cases	
Not duly made or withdrawn	937	We cannot investigate something that does not meet the statutory definition of a complaint or is withdrawn.
Out of jurisdiction (discretionary)	163	Our governing legislation sets out what we can and cannot accept as a complaint. In some 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)	188	The law simply does not allow us to look into some cases.
Outcome not achievable	210	We don't want to raise hopes unnecessarily so will not accept complaints where the outcome the complainant wants is not achievable by us.
Premature	798	Premature complaints are cases that have not completed the public body'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	900	In some cases the organisation complained about has already accepted service failures and taken appropriate steps to address them. If we cannot achieve any more for the complainant or the wider public interest we do not investigate. We call this a 'proportionality decision'. Our aim is to provide a more realistic and efficient service.
Resolved	89	These are cases we did not investigate further as they were resolved to the satisfaction of both parties without the need for a full investigation.
<b>Total</b>	<b>3,285</b>	

We tell people as soon as we can what action we can and will take on a complaint. We explain whether their case can be resolved, is something that we can legally look into, and whether an SPSO investigation is beneficial to them. We call this stage assessment.



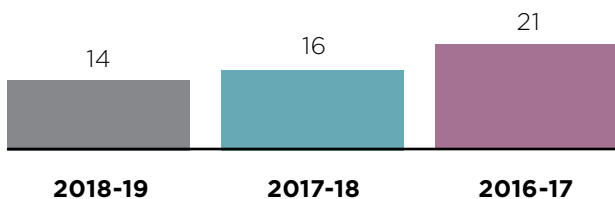
# Complaints investigation

## Investigations completed



The number of investigations completed in 2018-19 remained consistent with 2017-18. In February 2019, we changed our process to include issuing provisional decisions. To ensure that we accurately compare performance from last year to this, these cases were treated as having been completed even though they weren't technically 'closed' (and which is why this figure differs slightly from the published statistics for closed complaints). At the end of the year there were 41 provisional decision cases.

## Public reports



We issued fewer public reports in 2018-19. This in part reflects the increasing additional work public bodies are doing to try to resolve complaints before they come to the SPSO and once the SPSO starts to investigate. All cases not published in full as a public investigation report are published as decision summaries. Public reports and decision summaries can be found [on our website](#).

## Uphold rate

Year	Uphold rate
2018-19	58%
2017-18	59%
2016-17	54%

Our uphold rate has remained in line with 2017-18. In 2018-19, we have continued to develop our approach to the proportionate investigation of cases; this ensures that we are using resources effectively to investigate cases that the public body has not already investigated thoroughly or taken appropriate action on.

## Independent advice

### Closed cases requiring independent advice, by sector

Sector	2018-19	2017-18
Clinical	935	1,002
Social work	120	34
Other	109	133
<b>Total</b>	<b>1,164</b>	<b>1,169</b>

We use independent professional advisers to inform our decision-making on some complaints; specifically health, social work, local authority planning, water services, equalities and environmental health cases.

In 2018-19, the number of cases about which we sought specialist advice remained broadly consistent with last year. The rise in the requirement for social work advice reflects that it was our first full year of our expanded remit in looking at social work professional judgement.

**Cases requiring multiple independent advice\***

	2018-19	2017-18
1 request for advice	560	512
2 or more requests for advice	254	254
<b>Total</b>	<b>814</b>	<b>766</b>

\* includes advice not closed

Many cases are complex, covering a range of specialist areas. This means we have to seek advice from a number of different professionals. While the number of cases requiring independent professional advice has increased, the number of cases requiring multiple pieces of advice remained stable in 2018-19.

**Team structure**

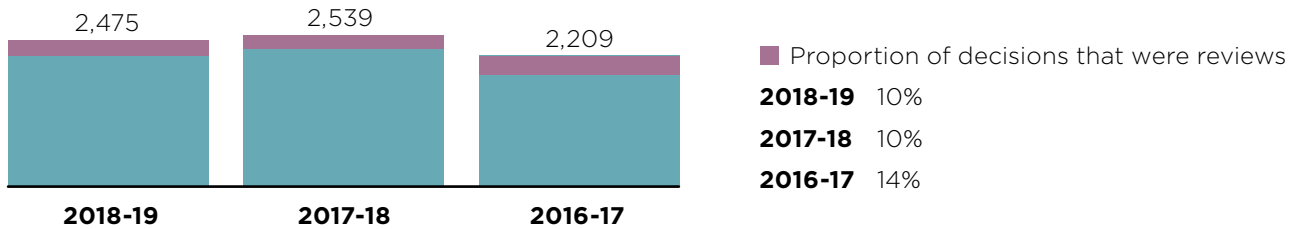
In October 2018 we restructured our investigations teams. We acted on feedback from our service users and our teams, demonstrating our commitment to learning and improvement. In doing this we reduced the number of steps in our process and the need to pass investigations between teams and investigators. Now, the investigator assigned to a case handles it from start to finish. This is a new system for us and we keep it under constant review. The benefits for both complainant and public bodies is consistency of service and a single point of contact throughout the complaint. It is also more efficient as it avoids double-handling on our more complex cases.



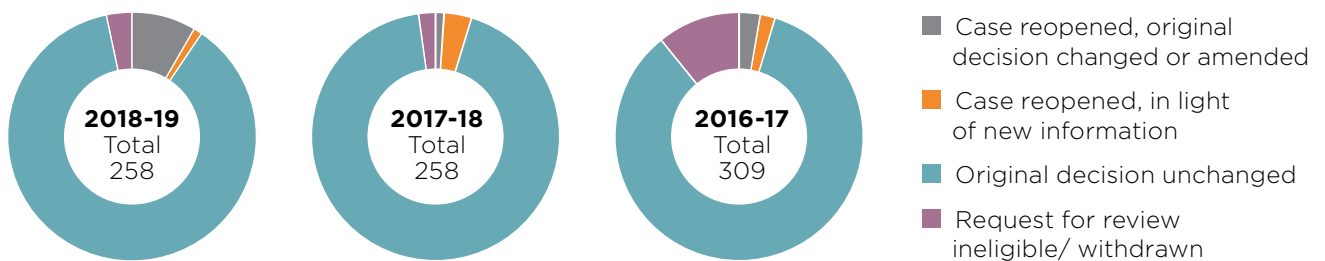


# Complaints reviews

## Number of decisions



## Review outcomes



## Reasons for revised decision

Decisions changed or amended are where we either change the outcome by issuing a fresh decision, or amend the decision reasons to give more robust or clearer explanations.

In seven of the 22 cases (case reopened, original decision reviewed, changed or amended) the outcome was unchanged but our reasoning could have been more robust or clearer. In six cases the outcome was changed. Enquiries are ongoing in seven cases and the remaining two were withdrawn in the current year.

Reviews are a valuable source of learning. All reviews are considered personally by the Ombudsman, with support from the Executive Case Officers, who had no part in the original investigation or decision. The majority of the 22 cases related to decisions made in the early stage of our process. As a result, we conducted a specific quality assurance of such decisions. This, in turn, led to improvements this year to our internal guidance and training for our teams.

## Quality Assurance

We ensure quality by having systems of management checks in place and through a quality assurance (QA) programme carried out by the Corporate Services team, independently of the case handling teams. We quality assure our complaints, SWF work and the professional advice we receive from our advisers. All QA findings are fed back to individuals, teams and managers to share learning and make improvements where needed.

In 2018-19, we did not amend any decisions.

## Performance against KPI

Indicator	Target	2018-19	2017-18	2016-17
PI-5	95% of cases requested for review decision correct	92%	95%	97%

# Scottish Welfare Fund

## Contact

1,567 people contacted our Scottish Welfare Fund (SWF) team in 2018-19. This is a 34% increase on 2017-18, largely accounted for by signposting enquiries which rose from 424 in 2017-18 to 762 in 2018-19. We discovered that this was largely due to SPSO's telephone number appearing more prominently than some councils' contact details on online search engines. This meant that we received calls from people who thought they were contacting the council. We hope to see a reduction this year as a result of alerting the councils concerned.

We continue to receive several enquiries each month from people who are experiencing difficulties getting in touch with their local council - most commonly because of the lack of Freephone numbers for councils. We have raised this with the Scottish Government as we see it as a major barrier to people trying to access the fund.

## Applications for review

We believe the substantial increase in crisis grants applications was down to factors such as:

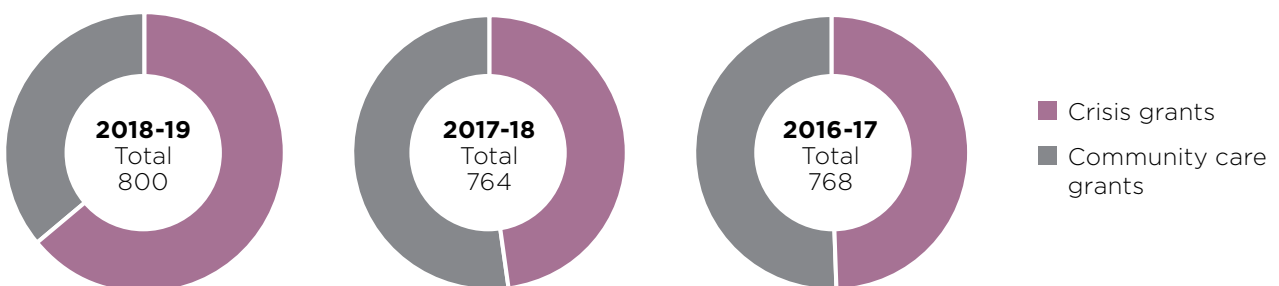
- issues with Universal Credit and other benefits such as tax credits (delays in payment, sanctions, deductions, and suspensions)
- difficult personal circumstances including insecure work, relationship breakdowns or becoming homeless
- losing money
- the pressures of living on a low income such as debt, unexpected bills or applicants unable to budget their money.



## Review applications received

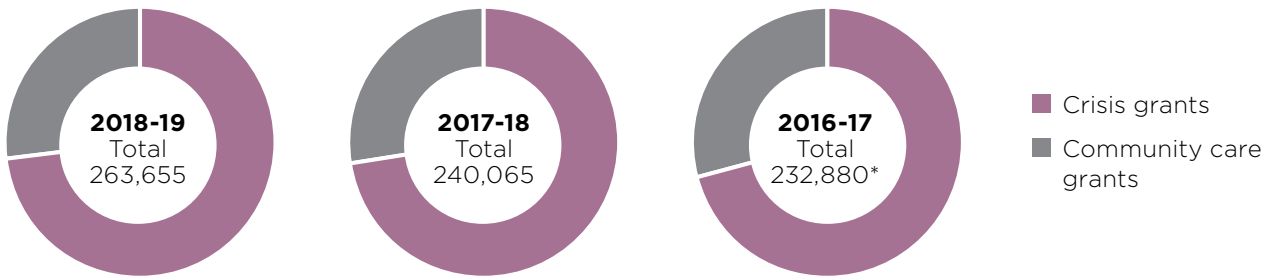


## Review applications handled



## National context

### Initial applications to the Welfare Fund received (all Scotland)



\* All Scottish Government SWF figures are rounded to the nearest 5 observations.

### Tier 1 reviews (all Scotland)<sup>3</sup>



National figures published by the Scottish Government show that there has been an overall increase in applications made to councils for the SWF in 2018-19 compared to 2017-18 and 2016-17. However, in common with the SPSO numbers, we can see that beneath the headline figures, there are some changes:

- there has been a large increase in crisis grant applications and reviews at Tier 1
- community care grants have seen an increase in applications (but a much smaller percentage change than crisis grants) but a dip in Tier 1 reviews.

This broadly mirrors the patterns that we have seen at the SPSO independent review stage, where over the past few years the number of applicants seeking reviews of crisis grants have overtaken the number seeking reviews of community care grants.

We are not clear about why requests to review community care grants (both at Tier 1 and SPSO independent review stage) have reduced again this year, and we will continue to monitor this.

<sup>3</sup> Source: Scottish Welfare Fund Statistics: Annual Update 2018/19 <https://www2.gov.scot/Topics/Statistics/Browse/Social-Welfare/swf/swf-statistics-2018-19> Accessed 5 September 2019

### Applications resulting in SPSO independent reviews

Review application type	2018-19	2017-18	% change	2016-17
Crisis grants	515	366	29%	381
As a proportion of initial applications	0.3%	0.2%	n/a	0.2%
As a proportion of Tier 1 Reviews	11%	11%	n/a	15%
Community care grants	290	382	-32%	387
As a proportion of initial applications	0.4%	0.6%	n/a	0.6%
As a proportion of Tier 1 Reviews	9%	11%	n/a	12%
<b>Total</b>	<b>805</b>	<b>748</b>	<b>7%</b>	<b>768</b>
As a proportion of all initial applications	0.3%	0.3%	n/a	0.3%
As a proportion of all Tier 1 Reviews	10%	11%	n/a	13%

These figures are not an exact statement of what proportion of applications result in SPSO Independent Reviews as some cases will have been received in one business year and decided in the following, but what they illustrate is that compared to the number of applications made, only a small proportion result in review requests to the SPSO. Although, the proportions are relatively constant, SPSO will continue to monitor to try to understand why over 10% of tier 1 reviews, still result in appeals and what guidance and support can be given to support effective, robust, decision making.

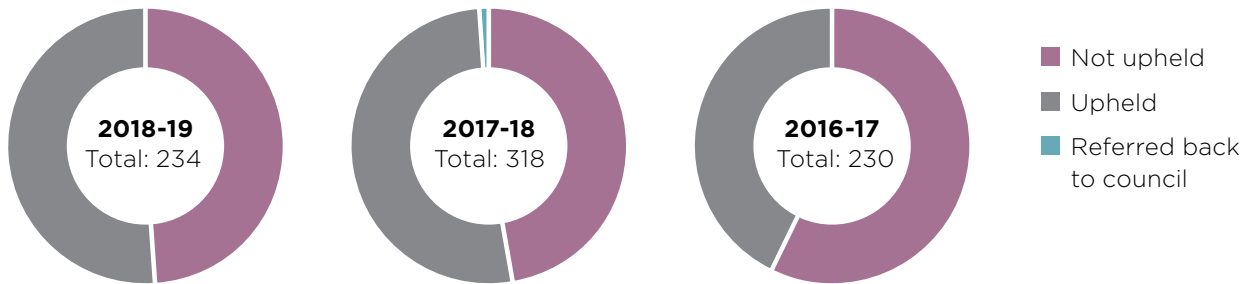
### Impact of increase in applications

The overall increase in review applications received and handled has been challenging for us as we have only a small team of six covering all of Scotland. While it is encouraging in that it shows more customers are reaching the final stage of the review process than ever before, it is increasingly difficult for us to deliver our excellent service without additional resources. We continue to monitor volumes and will seek additional resources if review application numbers continue to rise.

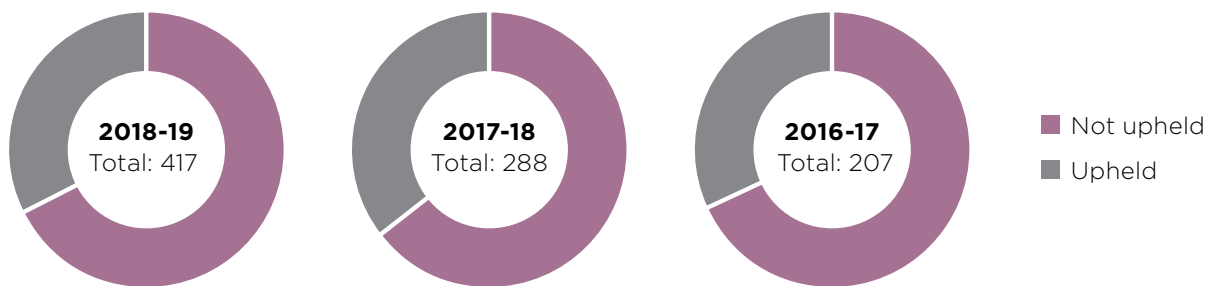


## Review application outcomes

### Community care grants



### Crisis grants



Uphold rates are the proportion of cases where we change councils' decisions. While the changes are marginal, the fall is encouraging as it means councils are making better decisions in the first instance.

While we accept that we see just a small number of the total SWF decisions in Scotland, it is notable that we changed the council's decision in over a half of community care grant reviews and almost a third of crisis grant reviews. This indicates that there is still scope for improvement.

## Key performance indicators (KPIs)

	2018-19	2017-18	2016-17
PI-1 - 95% of crisis grants determined within one working day	100%	99%	100%
PI-2 - 95% of community care grants review applications responded to within 21 working days	98%	99%	98%
PI-3 - 95% of reconsiderations (internal review of our decisions) - decision is correct	100%	100%	95%

PI-1 and PI-2 were set following a public consultation. PI-3 is a voluntary quality indicator we set for ourselves

*Congratulations to the SWF team, who for the third year running, exceeded these extremely demanding targets.*



# Model Complaints Handling Procedure (MCHP)

## Monitoring compliance with the MCHP

All Scottish public services have now adopted and apply the MCHP. We monitor compliance in a number of ways including conducting compliance assessments on model procedures, supporting organisations to meet the mandatory reporting requirements, following up issues identified as potentially non-compliant by colleagues and members of the public, and, where appropriate, working with organisations to share and support good practice in complaints handling.

*We provided advice and guidance to authorities where we identified non-compliance issues.*

This included: providing clarification on timescales and keeping customers updated, delivering presentations on good complaints handling, signposting to tools and guidance on our website, and reviewing and providing feedback about draft complaints handling procedures.

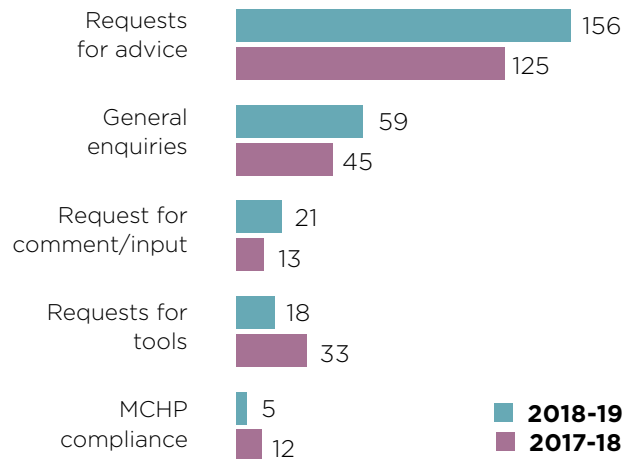


## MCHP advice

### Number of contacts

2018-19	2017-18	2016-17
259	228	370

### Types of advice requests



### Advice requests by sector

	2018-19	2017-18
Local Authority	73	56
Health	61	70
Housing	40	28
Scottish Government	30	21
Colleges and Universities	20	21
Water	4	2
Other	31	30
<b>Total</b>	<b>259</b>	<b>228</b>

Providing advice, support and guidance in respect of good complaints handling is one of the key functions of our complaints standards work. Our attendance at sector network complaints events is one way in which we meet this requirement. Another is responding to ad hoc requests for support.

In response to these ad hoc requests, throughout the year we supported organisations (and other stakeholders) in a range of ways, from advising on the implementation of the MCHP to improving complaints handling standards by offering support in relation to complaints procedures.

During 2018-19, we provided support and guidance to stakeholder enquiries on 259 occasions. By volume this was an increase of just over 13% on the previous year when we responded to 228 such requests. However, over several years we have seen a reduction in the requests we receive (for example during 2015-16 we responded to 621 requests). As the MCHP becomes more firmly established, and we see a culture change towards valuing complaints and the improvement opportunities they provide, it is encouraging (and expected) to see the number of requests for advice reduce.

## MCHP review

This year saw the start of a significant piece of work for our Improvement, Standards and Engagement team; a review of the MCHP. This is the first review since it was first implemented by the Local Government and Housing sectors back in 2012.

We had an excellent response to our survey with 156 public bodies providing comments. Our thanks to all concerned for their input.

## Survey responses by sector

Universities	17
Local authorities	31
Others	108
<b>Total</b>	<b>156</b>

The analysis of responses is being undertaken during 2019-20. Emerging findings include:

- Satisfaction with the MCHP is high
- 84% said the MCHP definition of a complaint is helpful
- SPSO guidance and tools are useful but we need to increase awareness of and access to the full range
- Not all performance indicators are helpful. Feedback identified a need for clarity about the requirement to test customer satisfaction, and about authorising extensions to timescales
- More guidance about use of social media to submit complaints would be helpful
- The MCHP format and the website could be more intuitive and user-friendly, for example with greater use of hyperlinks within the documents.

Work is continuing into the 2019-20 year, with the aim of having an updated MCHP by the end of the year for implementation from 1 April 2020.



# Complaints handling standards: learning from complaints

## SPSO uphold rates by sector

	2018/19	2017-18	% difference	2016-17
Local Authority	59%	58%	1%	61%
Health	59%	60%	-1%	53%
Scottish Government and Devolved Admin (SGDA)	71%	52%	19%	47%
<i>SGDA (excluding prisons)</i>	67%	65%	2%	43%
<i>Scottish Prison Service</i>	73%	33%	40%	49%
Housing Associations	50%	57%	-7%	41%
Water	55%	73%	-18%	71%
Colleges	100% (only investigated 1 case)	58%	42%	60%
Universities	33%	45%	-12%	41%
Joint Health & Social Care	55%	50%	5%	N/A

## Premature complaints by sector

	Total premature complaints 2018-19	Premature complaints as % of total cases per sector	Premature complaints as % of total 2017-18	% difference	Premature complaints as a % total 2016-17
Colleges	3	9%	13%	-4%	27%
Universities	23	16%	11%	6%	14%
Health	229	17%	22%	-4%	21%
Housing Associations	71	22%	31%	-9%	35%
Joint Health & Social Care	30	16%	14%	2%	N/A
Local Authority	299	24%	28%	-5%	36%
Scottish Government and Devolved Admin	88	19%	19%	-1%	20%
Water	52	37%	39%	-2%	41%
Other (incl out of jurisdiction)	3	6%	n/a	-	19%
<b>Total</b>	<b>798</b>	<b>20%</b>	<b>24</b>	<b>-4%</b>	<b>28%</b>

## Overview of SPSO recommendations

Recommendation type	2018-19	% of total recommendations 2018-19	2017-18
Complaints handling	130	11%	109
<i>Individual - apology</i>	342	30%	379
<i>Individual - financial</i>	8	0.7%	17
<i>Individual - other</i>	36	3%	52
Individual - total	386	33%	448
Learning & Improvement	644	56%	635
<b>Total</b>	<b>1,160</b>	<b>100%</b>	<b>1,192</b>

## Compliance with recommendations

We set a deadline for, and follow up, all recommendations until we are satisfied that they have been implemented. Public bodies and complainants have the opportunity to comment on the timescales we set at both provisional decision and draft report stages.

94% of our recommendations were implemented within three months of the target date set. This is good performance by public bodies but we will continue to monitor compliance and will engage through our Support and Intervention Policy (page 27) with organisations that consistently fail to meet timescales.

## SPSO recommendation compliance timescales

Authority Sector	Completed - Within Target	Completed - Over Target - under 3 months	Completed - Over Target - over 3 months	Total	% Within Target	% Within Target or within 3 months of target
Colleges	6	1	0	7	86%	100%
Health	467	478	54	999	48%	94%
Housing Associations	9	8	0	17	53%	100%
Joint Health and Social Care	40	15	9	64	63%	86%
Local Authority	131	57	10	198	66%	95%
Scottish Government & Devolved Administration	37	19	0	56	66%	100%
Universities	18	10	3	31	58%	90%
Water	2	1	2	5	40%	60%
<b>Total</b>	<b>710</b>	<b>589</b>	<b>78</b>	<b>1,377</b>	<b>52%</b>	<b>94%</b>

## Monitoring feedback to public bodies

In addition to making recommendations, we give feedback (good, and where improvement is needed) to authorities on how a complaint was handled or where we identify an issue not complained about.



## Summary of feedback

### 2018-19

Sector	Feedback for authority			
	Complaints handling	Points to note	Response to SPSO investigation	Total
Colleges	1	0	1	<b>2</b>
Health	70	151	36	<b>257</b>
Housing Associations	3	5	0	<b>8</b>
Joint Health and Social Care	9	12	4	<b>25</b>
Local Authority	16	25	10	<b>51</b>
Scottish Government & Devolved Administration	6	2	2	<b>10</b>
Universities	3	5	3	<b>11</b>
Water	1	1	0	<b>2</b>
<b>Total</b>	<b>109</b>	<b>201</b>	<b>56</b>	<b>366</b>

### 2017-18

Sector	Feedback for authority			
	Complaints handling	Points to note	Response to SPSO investigation	Total
Colleges	5	4	3	<b>12</b>
Health	79	109	25	<b>213</b>
Housing Associations	4	1	2	<b>7</b>
Joint Health and Social Care	1	3	0	<b>4</b>
Local Authority	29	27	17	<b>73</b>
Scottish Government & Devolved Administration	8	5	3	<b>16</b>
Universities	3	9	4	<b>16</b>
Water	1	3	3	<b>7</b>
<b>Total</b>	<b>130</b>	<b>161</b>	<b>57</b>	<b>348</b>

37% of feedback was in relation to complaints handling. While we identified some good practice, the majority identified areas for learning and improvement.

We used this and other information to inform development of our Support and Intervention Policy so that we can better target our own scarce resources to where they will have greatest impact.

## Support and Intervention Policy

We developed the Support and Intervention Policy in 2018-19 and it went live in April 2019. The policy formalises the mechanisms we already use to offer support to organisations and take intervention when required. It will offer more clarity to public bodies regarding what to expect from us, how and when.

Support action under the policy will give guidance and support to organisations to help them improve their practice or address poor performance.

Intervention action is more formal and will usually require the public body to take specific action to improve performance in relation to complaints handling, handling of SWF review applications or engagement with SPSO investigations and reviews.

This does not replace the advice and feedback we already give as part of our handling of complaints, nor does the policy prevent public bodies asking us for help and advice; but makes it clearer how we will use our statutory powers in a more structured way to promote improvement.

*More information about the Support and Intervention Policy is available on our website.*

## Sharing learning from complaint outcomes

In 2018-19 we shared our findings and learnings in a variety of ways with organisations and the wider public:

- Summaries of all our decisions are published on our website
- A monthly e-newsletter signposts to our decision summaries and highlights trends and learning. In August 2018 we sent annual letters to health boards, local authorities, water providers and the prison service about their complaints statistics. SPSO statistics are part of the detailed complaints picture that public bodies are responsible for gathering and publishing in line with the MCHP
- We work with a variety of stakeholders such as Healthcare Improvement Scotland (HIS), sharing anonymised data to inform a wider view of public service delivery across Scotland.



# Stakeholder engagement

## Engagement overview

We engage with a range of people and organisations to provide support and advice, raise awareness and contribute to public sector improvement.

The Improvement, Standards and Engagement team participated in 76 meetings and events with external bodies. This is in addition to the events and meetings the Ombudsman was personally involved in. This compares to 66 in 2017-18 and around 70 in 2016-17.

Engagement included:

- Scottish Government openness and learning event
- Colleges annual complaints event
- Scottish Federation of Housing Associations (SFHA) governance conference
- Patient Advice and Support Service (PASS) / NHS Complaints Personnel Association Scotland (NCPAS) events
- NHS Scotland events
- Sector networks regular meetings
- Local government benchmarking sub-group
- Direct contact with:
  - Glasgow City Council to discuss complaints handling
  - North Lanarkshire Council about their approach to the Scottish Welfare Fund
  - agencies, professional bodies and steering groups, including the Inspector of Prisons, to exchange intelligence and discuss joint working; Water Industry Commission for Scotland (WICS) to discuss business to business providers complaints arrangements; the British Medical Association (BMA)

to discuss SPSO approach to investigations and use of advisers and a social security stakeholder workshop to discuss development of a Charter.

We are a member of a number of sector, interest and working groups, including:

- HIS Sharing Intelligence Group – working with partner scrutiny agencies to share intelligence in relation to different health boards on a regular basis.
- Scottish Water Output Monitoring Group
- Administrative Justice Council Steering Group

## Adviser seminar

In November 2018 we held our first annual seminar for independent experts who provide us with advice. We took the opportunity to update advisers on SPSO developments and facilitated exchanges of shared experience and approaches. We used case studies to illustrate common themes and issues for advisers. New advisers told us they found this particularly helpful.

*“It was lovely to hear from the senior team about the impact they hope to have but also that their reports/suggestions are meant to be helpful and not punitive. I felt their outlook was inspiring and I’m proud to be able to help.”*



## Complaints handling training

Our training unit delivered 37 training courses across all the sectors we work with. The breakdown was:

- 22 Complaint Investigation Skills courses (focussing on Stage 2 complaints)
- 12 Good Complaint Handling courses (focussing on Stage 1 complaints)
- 3 Managing Difficult Behaviour courses.

For more information about the training we offer, [please visit our website](#).

## Scottish Welfare Fund

Our SWF team:

- delivered three regional workshops for council decision makers in Aberdeen, Edinburgh and Glasgow, focusing on hot topics for decision makers, evaluating evidence and reasoned decision-making
- held our quarterly local authority sounding board, sharing updates on our SWF casework and process, and learning across councils
- attended Scottish Government's forum for practitioners

- visited three councils to provide targeted support on specific areas of learning and welcomed visits from two councils to enhance understanding of our role and deliver information on our findings
- met with social workers who work with the elderly in Edinburgh. We recognise that the elderly can be an under-represented group when applying for welfare assistance, yet they are often likely to require assistance and meet the criteria
- visited a branch of Women's Aid to raise awareness of the scheme and review process with a particular focus on those who have faced domestic abuse.

## Parliamentary appearances and public consultations

### Parliament

- We attended the Local Government and Communities Committee 23 January 2019 about our 2017-18 annual report and performance: <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11908&i=107644&c=0&s=ombudsman>. The written evidence we sent in advance is available here: [https://www.parliament.scot/S5\\_Local\\_Gov/Meeting%20Papers/20190123\\_MeetingPapers.pdf](https://www.parliament.scot/S5_Local_Gov/Meeting%20Papers/20190123_MeetingPapers.pdf)

37 training courses delivered



The committee followed this up with a question to Scottish Government asking for an update from them on their consideration of our request for additional legislative powers, specifically the ability to pursue public value investigations and to take complaints in any format, not just in writing. [https://www.parliament.scot/S5\\_Local\\_Gov/General%20Documents/20190125\\_ConvenerToCab\\_Sec\\_SPSO.pdf](https://www.parliament.scot/S5_Local_Gov/General%20Documents/20190125_ConvenerToCab_Sec_SPSO.pdf)

- We appeared before the Social Security Committee as part of their inquiry on the Scottish Welfare Fund. <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=11560&i=104823&c=2096606&s=ombudsman> 24 May 2018. The written evidence sent in advance is available here: [https://www.parliament.scot/S5\\_Social\\_Security/Meeting%20Papers/PublicPapers\\_20180524\(1\).pdf](https://www.parliament.scot/S5_Social_Security/Meeting%20Papers/PublicPapers_20180524(1).pdf)
- We sent written evidence to the Petitions Committee on a proposed water ombudsman: [https://www.parliament.scot/S5\\_PublicPetitionsCommittee/Submissions%202018/PE1693\\_E\\_SPSO\(1\).pdf](https://www.parliament.scot/S5_PublicPetitionsCommittee/Submissions%202018/PE1693_E_SPSO(1).pdf) and on social security and housing: [https://www.parliament.scot/S5\\_Social\\_Security/Inquiries/SSCS519SSH19\\_Scottish\\_Public\\_Services\\_Ombudsman.pdf](https://www.parliament.scot/S5_Social_Security/Inquiries/SSCS519SSH19_Scottish_Public_Services_Ombudsman.pdf)

## Government

We contributed to consultation on

- Increasing employment of disabled people in Scotland <https://consult.gov.scot/fair-work-employability-and-skills/disability-employment/>  
Our response is available here: [https://consult.gov.scot/fair-work-employability-and-skills/disability-employment/consultation/view\\_respondent?uuld=1056159643](https://consult.gov.scot/fair-work-employability-and-skills/disability-employment/consultation/view_respondent?uuld=1056159643)
- Police Scotland complaints review: <https://consult.gov.scot/independent-reviews/police-complaint-handling-investigation-misconduct/>  
Our response is not yet publicly available.

## Stakeholder strategy

In 2018-19 we started reviewing all of our stakeholder relationships and activities in order to develop an effective and tailored strategy of engagements this year. This included, for instance, a review of our objectives and an evaluation of our existing sounding boards and Memoranda of Understanding.

# Customer service: feedback and service complaints

We are committed to continuous learning and improvement: we review feedback and service complaints (in addition to internal mechanisms such as QA) to inform this.

## Feedback

We get feedback through:

- our regular customer survey (forms sent electronically to complainants and telephone survey with SWF applicants)
- surveying public bodies about their experience of the SPSO
- direct feedback from people.

It is always good to get positive feedback, which last year included these comments.

*"Thank you for investigating our concerns so thoroughly and sharing the findings so sensitively. The response you have provided is comprehensive and produced in a very readable format..."*

Complainant

*"Thank you personally, for the guidance you provided during our telephone conversations that enabled us to focus on the main points to be addressed in order to produce a favourable outcome. This whole experience has been deeply distressing for us as a family and we are relieved to bring some closure to what has been a very difficult year."*

Complainant

*"I would like to commend you for the very full and comprehensive report submitted to me on the conclusion of your investigation. Throughout the duration of the case you were very professional and efficient, keeping me fully informed of the progress and state of the proceedings. The level and care of duty was of the highest order and was fully appreciated for a level of service, second to none, you are an asset to SPSO."*

Complainant

*"Thank you [...you] have both been a tremendous help. I know that you are 100% non-biased. You took charge in the situation and have been absolutely amazing."*

SWF applicant

*"You are the most patient person I have spoken to about my conditions. I find it really hard to open up as it is so embarrassing but you have really listened to me."*

SWF applicant



## Service complaints

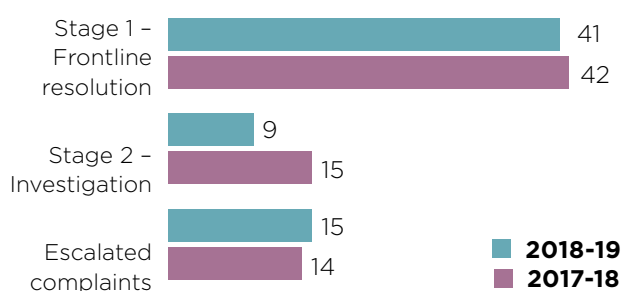
### Overview

Like public bodies under our jurisdiction we follow the same two-stage complaints process. If service users remain dissatisfied, they can ask our Independent Customer Complaints Reviewer (ICCR) to review our handling of the complaint and the decision(s) we made.

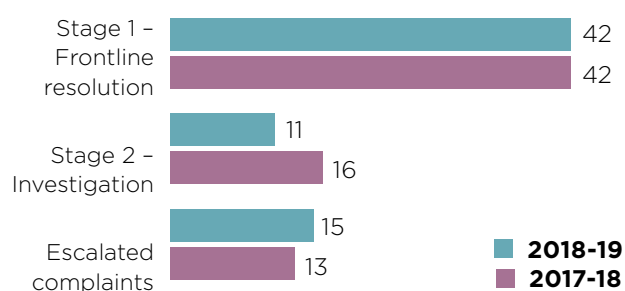
The ICCR is independent of the SPSO



### Service complaints received



### Service complaints closed



### Service complaints Upheld/Not upheld

Upheld/Not upheld (2018-19)	Upheld	Not upheld	Total	% upheld
Stage 1 - Frontline resolution	12	30	42	29%
Stage 2 - Investigation	1	10	11	9%
Escalated complaints	4	11	15	27%
<b>Total</b>	<b>17</b>	<b>51</b>	<b>68</b>	<b>25%</b>

Upheld/Not upheld (2017-18)	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%
<b>Total</b>	<b>17</b>	<b>54</b>	<b>71</b>	<b>24%</b>

## Timescales

We aim to respond to complaints in line with the timescales set out in the MCHP. The timescales to close complaints are:

- 5 working days at Stage 1
- 20 working days at Stage 2
- 20 working days for 'escalated' complaints.

	Average time in working days to close 2018-19	Average time in working days to close 2017-18
Stage 1 - Frontline resolution	4	4.2
Stage 2 - Investigation	21.5	22.6
Escalated complaints	17	17

## Independent Customer Complaints Reviewer (ICCR)

During the year we contracted two Independent Complaints Review services. In total, they received 15 service complaints. One was subsequently withdrawn. Of the remaining 14 cases decided by the Independent Reviewers, no complaints were upheld.

We use learning from complaints to inform personal and procedural improvements. We take learning and feedback from individual complaints, and the Leadership Team consider performance and learning as part of our governance arrangements.



*In 2018-19, no significant systemic failures in service delivery emerged.*

## Complaints response times set out in the MCHP



Target met ✓



Exceeded by 1 1/2 days average



Target met ✓

# Managing the organisation: transparency and openness

## Freedom of Information and Environmental Information

	2018-19	2017-18
Information requests received	169	127
Information requests handled	164	131
Review requests received	6	18
Review requests handled	6	18
Appeals to Scottish Information Commissioner (SIC)	0	1

### Outcomes

- At review we upheld our original decision in five of the six cases. In the other, we found we had failed to respond to the original request within the statutory timescale
- A decision from the Scottish Information Commissioner (SIC) from the 2017-18 appeal found that we had complied with the Freedom of Information (Scotland) Act 2002 (FOISA)
- 95% of Freedom of Information (FOI) requests and 100% of FOI review requests were responded to within the statutory timescale in 2018-19
- 99% of FOI requests were responded to within 30 working days
- 100% of Environmental Information Regulations (EIR) requests were responded to within the statutory timescales.

## Model publication scheme

The SPSO reviewed our Publication Scheme to ensure that we are publishing information in line with the 2018 edition of the Scottish Information Commissioner’s Model Publication Scheme and guidance, including a last updated date; and checked compliance with previous updates in respect of class 9, and a statement on copyright and re-use.

## Data protection

### Subject Access Requests (SARs)

	2018-19	2017-18
SARs received	102	75
SARs handled	100	75
SAR review requests received	8	4
SAR review requests handled	8	4
Appeals to UK Information Commissioner ICO	1	0

We received one decision from the UK Information Commissioner (ICO) that found that we had failed to respond to a SAR within the statutory timescale.

- 82% of SARs were responded to within the statutory timescales
- 87% within 40 calendar days

The increasing number of requests, their complexity and reduced timescales (since the General Data Protection Regulation (GDPR)) is putting a strain on our resources and continues to impact on our ability to meet targets.

## Data security

We reported two data security incidents to the Information Commissioner.

1. In one case, a file being returned to us by courier was picked up by another courier by mistake.
2. In the other case, an encrypted disc went missing from a file.

The Information Commissioner decided in both cases that no action was required.

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.<sup>4</sup>

## GDPR and DPA

We successfully completed work that was required for the introduction of the new GDPR in May 2018. This included:

- Creating new privacy notices
  - Reviewing relevant policies and procedures
  - Putting staff training in place.
- Since then, we continue to develop our approach to introduce best practice.

*Throughout, and continuing, we trained and supported all staff in our improved procedures as we have become more experienced in the new legislation.*

<sup>4</sup> Our Information Governance handbook can be found at <http://www.spsa.org.uk/spsa-policies>





# Managing the organisation: our team

## Training and development

In 2018-19 we continued to meet the people development needs of the organisation through a range of activities. Learning and development activities were delivered around key areas including:

- mandatory training (e.g. Health and Safety, GDPR)
- specific subject matter learning events, for example from charities such as Stonewall and ADHD Perth to continue to build knowledge and understanding within teams
- in response to the development needs identified as part of individual personal development plans and as learning opportunities, staff attended a range of events and conferences including the Ombudsman Association conference held in Edinburgh in May 2019, a British Sign Language event at the Parliament and a Mental Health and Wellbeing conference.

We have seized development opportunities for staff to be involved in special projects, including the Ombudsman Association consultation on competency framework and a Westminster Foundation for Democracy funded trip to Cameroon as well as internal staff led projects.

We continue to support development opportunities in conjunction with other organisations and this year we hosted secondees from three different organisations, bringing learning and specialist knowledge into the organisation.

## Wellbeing

Our Mental Health and Wellbeing group was established this year. The group has focused on developing a **wellbeing framework** for the organisation. This work continues into 2019-20.

Training was delivered specifically focusing on health and wellbeing such as workshops on vicarious trauma.

## Investors in People Accreditation (IIP)

SPSO received a gold accreditation status for IIP in February 2017. The new sixth generation of IIP requires formal activity on an annual basis with accreditation status being reviewed on a three year basis. SPSO's first 12-month review took place in June 2018. Findings included an open and transparent leadership style, clear values, high levels of empowerment to take decisions, and general recognition of good performance. Recommendations for ongoing improvement included strengthening links between the organisation values and the behaviours and competencies within the SPSO's performance framework and building on current approaches to career and succession planning.



## Staff survey

The SPSO conducts an annual staff survey. The results of the last survey were published in May 2018 and the summary report can be found on our [website](#).

### Highlights:

- the response rate was 93%
- scores improved in 48 of the 64 questions
- the majority of scores were over 70% positive.

Each year the staff survey results, along with our IIP assessment findings, are combined to create an annual action plan to ensure we maintain our focus on commitment on building a people-centred organisation. Last year we continued our focus on areas such as ensuring effective communication throughout the organisation and sharing knowledge, for example through the creation of the communities of practice groups.

## Communities of Practice and working together

A number of staff-led, cross-team working groups were set up over the last year to promote and support interaction, cooperation and knowledge sharing across the organisation. The groups established include Communities of Practice, Health and Wellbeing, Internal Communications, Charities and Climate Change groups.

## Living Wage accreditation

We maintained our accreditation as a Living Wage Employer. This means that SPSO is committed to paying a minimum of £9 per hour to our staff (the minimum hourly rate for SPSO staff is currently £11.98 per hour). Following our office relocation and revision of current or new contractors, Living Wage is now a measurable criteria for both tendered and non-tendered contractors.

## Staff survey highlights



93%

response  
rate

3/4

of questions  
had improved  
scores

70%

Most scores  
were over 70%  
positive

# Managing the organisation: governance

## Office move

At the beginning of December 2018, we moved from Melville Street in Edinburgh, our home since we were first set up, to a modern, open plan office in Bridgeside House on McDonald Road.

We share the building with the Scottish Human Rights Commission and the Children and Young People Commissioner Scotland. While we each have our own secure space, we share common areas such as the boardroom, training facilities, communal kitchen and a wellbeing/first aid room.

Not only can we work more collaboratively by sharing some spaces, we also collectively make greater, more efficient use of publicly funded space.

## Governance and risk

We reviewed and updated our Governance arrangements. This included:

- Updating our **Governance and Risk Management Handbook**
- Implementing and embedding a new risk management system ensuring risk is owned, managed and considered across the organisation
- Reviewing the role and membership of our Advisory Audit Board (AAB). The AAB's terms of reference were revised in line with governance good practice to be more focused on governance, risk and assurance. They are included in our Governance and Risk Management Handbook.

## Quality Assurance

The main aim of the QA process is to ensure that all SPSO casework is handled in accordance with laid down procedures as specified in the SPSO guidance. The QA programme is set out on an annual basis using a risk based approach.

This year the programme included QA reviews of both complaints and the Scottish Welfare Fund casework, the use of professional advice in complaints investigations, the quality of telephone calls, and the application of SPSO's jurisdiction in relation to complaints relating to social work cases and discretionary decisions not to undertake complaints investigations on the grounds of proportionality.

## 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 fourth annual report in August 2018. Previously, we published a sustainability report.

Our climate change and sustainability reports are available on our [website](#)

## ICT and cyber security

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 2018-19 we continued implementing the Cyber Resilience Public Sector Action Plan and applying for Cyber Essentials certification. We completed this process in 2019.

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 which holds Cyber Essentials Plus accreditation. Emails are sent over the secure Public Services Network (PSN) 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. Continuous monitoring and improvements to our ICT infrastructure ensure we operate in an efficient and secure IT environment.

This year we upgraded our telephones to a digital system improving resilience and adding functionality to better support our work.

## Community, social and human rights

Many of our staff are involved in community and social rights engagement activities outside of work, including, for instance, volunteering for:

- the Children's Panel
- the Law Society of Scotland's Regulatory committee
- Fresh Start, a charity helping previously homeless people who have been offered a tenancy assistance to move into their new home

## International Women's Day

For the second year running, we celebrated International Women's Day in March 2019. We invited three excellent, interesting and engaging speakers to talk to us: Jen Ferguson, the Regional Family Support Coordinator, Families Outside; Julie Cameron, Head of Programmes at the Mental Health Foundation; and an internal SPSO colleague who shared his experience about parental leave. The proceeds from a bake sale in the office went to the external speakers' organisations. As part of the event, we also collected sanitary products for local charity Homeless Period Poverty Edinburgh.

## Accessible service

We work continuously to make our service accessible to whoever needs to use it, and we regularly undertake new initiatives to make sure we operate in line with best practice.

This year we refreshed our logo and visual identity - and with that all of our materials and channels including our website - to make our service visually more engaging and communicate it more clearly.

We track individual adjustments we've made to see if we can make improvements that would benefit others. This includes, for instance, supporting users with visual impairment with large font or specifically coloured paper; we also made adjustments in a very tailored way to help people using our service by, for example, timing telephone calls around medication, or caring responsibilities. On our [accessibility page of the website](#) we added information from AbilityNet detailing how users with different requirements are able to adjust their hardware and software.

We had:

- presentations from Stonewall and from an ADHD charity
- set up a Community of Practice which aims specifically to look at accessibility and accountability issues, called the IDEA Group (Inclusion, Diversity, Equalities and Accessibility). The group is made up of staff from across the organisation who are committed to improving our service. We will report in more detail in 2019-20 on the first full year of the group's activities.

## BSL Plan

We published our first **British Sign Language (BSL) Plan** in October 2018. Developed with input from the Scottish Parliament and other Parliamentary Officeholders. Our BSL plan sets out our commitments 2018-2023 to improve access to information and services for BSL users.

As with the National BSL Plan, our plan starts from the principled position that BSL is a language in its own right. Like all other citizens of Scotland, BSL users have the right to engage with and access information about SPSO and our service when they so choose, without unnecessary barriers.

In 2018-19, we updated the accessibility section of all of our printed materials with a reference to BSL users, as well as the accessibility and contact pages of our website. These now feature the Contact Scotland BSL logo and direct link to the Contact Scotland BSL website to promote the service. In 2019-20, we will work on producing more video and audiovisual content for our digital channels.

## Equalities

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 little significant change in the people who come to us.

While complainants remain broadly representative of the population in terms of gender and ethnicity, we have an older demographic profile than the country's population because few children or young people bring complaints to us. A significant proportion of those who complain to us are in the 40-60 age range, and this reflects that we do often see people bringing issues to us not only about services they have received but on behalf of those for whom they have caring responsibilities.

For the last couple of years, we have found that we usually have a higher proportion of people reporting they have a disability that impacts on their day to day living than in comparable surveys. This year, our figure (40%) was slightly lower than the percentage of people who report they have a long-term life limiting condition in the most recent Scottish health survey (45%). While the divergence is a few percent in a relatively small sample, it is a relatively significant proportion of our users and we take that into account when considering changes to our service. For example, when moving to our new building, the planned new layout was assessed for accessibility before the move and, since the move, a further assessment and action plan have been put in place.



## Making a complaint

We take SWF applications by phone. This makes our service accessible for vulnerable groups in particular. Complaints about public bodies, in contrast, must be made in writing (including email and via our website). We can take individual complaints in other formats but only if there are exceptional circumstances. This places the onus on complainants, rather than giving the SPSO the flexibility to adjust. We feel strongly that we should have the powers to routinely take complaints by phone and continue to seek a change in the law to allow this.

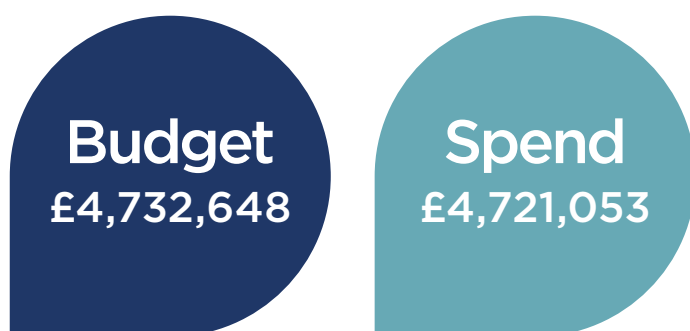
## Finance

Our 2018-19 accounts include the funding provided by the Scottish Parliamentary Corporate Body (SPCB) for the Shared Accommodation Project, which brought together the Children and Young People's Commissioner for Scotland (CYPCS), Scottish Human Rights Commission (SHRC) and SPSO in Bridgeside House, 99 McDonald Road, Edinburgh.

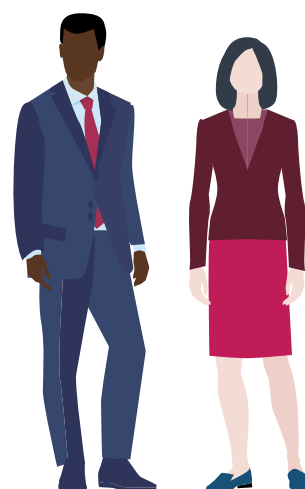
- our 2018-19 budget, excluding building costs was £4,732,648
- our total spend was £4,721,053.

For more information about how we managed our finances see the full financial statements (pages 63-65).

### Our 2018/19 Budget v Spend...



...including the cost of moving to Bridgeside House



# Looking forward

The coming year promises to be no less demanding than last. Simply maintaining our output to the same standards with an increasing workload but no increase in resources, will be challenge enough.

We also face some significant additional challenges.

## Independent National Whistleblowing Officer

The revised go-live date for the Independent National Whistleblowing Officer (INWO) for the NHS in Scotland is 1 July 2020. As well as being the very first independent body to whom whistleblowers can take complaints about how their whistleblowing concerns were handled locally, the INWO also sets the principles and standards the NHS must apply when looking into whistleblowing concerns. The draft principles and standards were published for consultation on our [website](#) 1 May 2019 – 28 June 2019.

This year, we will refine those standards in light of feedback. We aim to publish the final version by 31 December 2019. In the meantime we continue to plan for implementation, covering areas such as: support and guidance to help the NHS prepare, setting up our own function for investigation of whistleblowing complaints and raising awareness.

We are committed to taking on this important role but as with all new areas of business there are risks. The key risks are timescale and adequate resourcing (for both the SPSO and the NHS).

## Strategic plan

We are required to lay a strategic plan before Parliament every four years. The next strategic plan will be laid in 2020. A draft will be available on our website for comment in early 2020.

## Support and Intervention Policy

This policy, which provides the framework for how we support and take action with public bodies about their complaint handling performance, went live on 1 April 2019 (page 26). In addition to applying the policy, we are also developing our approach to how we manage and use data and information to inform this work.

## Performance measurement

We monitor and track our caseloads and performance. Our conclusions from the last two years are that our complaints caseload has changed. Cases remain complex but, more significantly, we are seeing a greater proportion of our workload requiring investigation. This is more resource intensive and takes longer.

We also aim to resolve complaints early in the process. While this is beneficial to all concerned, it can take time. For these reasons we will be analysing and reviewing our Key Performance Indicators to ensure that they remain challenging but realistic and are a true indicator of performance.



## Impact

Ultimately, we want to make a positive difference. In planning, carrying out and reporting on our work we aim to show:

- we make a difference for individuals through robust, impartial complaint handling
- we contribute to better public services which people can have confidence in
- we ourselves learn and improve.

The challenge for us, like many other complaints-based organisations is how we demonstrate this in a meaningful way. We have, and publish, a lot of information about decisions, activity and outcomes, but recognise that there is more we can do to structure and highlight this. A key part of our work to support this in 2019-20 is the continued development of our website and stakeholder engagement.

### Our aims for a positive impact

Robust,  
impartial  
complaint  
handling

Public  
services  
which people  
can have  
confidence in

We  
ourselves  
learn and  
improve



# ACCOUNTABILITY REPORT & FINANCIAL STATEMENTS

# Corporate Governance Report

## 1. Ombudsman's report

### Background

These accounts for the financial year ending 31 March 2019 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.

### Leadership Team

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

### Register of Interests

The Ombudsman, Director, and Advisory Audit Board (AAB) members publish declarations of interest on the SPSO website with their biographies. Declarations of interest of other staff are held on the relevant case where required in accordance with the SPSO Code of Professional Conduct.<sup>1</sup>

### System of internal control

A Scheme of Control<sup>2</sup> and Scheme of Delegation are in place and are periodically reviewed, as required by the Scheme of Control, and amended as necessary to ensure principal risks to the achievement of the organisation's objectives are managed efficiently, effectively and economically. An internal control checklist has been completed for 2018-19 to inform the assessment of the Ombudsman's governance arrangements. The Accountable Officer has undertaken a review of systems of internal control during 2018-19. The review was been informed by the assurance framework established with the Scottish Public Finance Manual (SPFM).

### 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.

<sup>1</sup> Our declarations of interest are published here: <https://www.spsso.org.uk/senior-management> <https://www.spsso.org.uk/audit-and-advisory-committee>

<sup>2</sup> Our Scheme of Control can be found in the Governance and Risk handbook here: <http://www.spsso.org.uk/spsso-policies>

## Freedom of Information and Environmental Information

SPSO processed 164 requests for information in 2018-19 (131 in 2017-18):

- 148 under the Freedom of Information (Scotland) Act 2002
- 16 under the Environmental Information (Scotland) Regulations 2004

SPSO processed six requests for review (18 in 2017-18)

- We upheld our original decision in five (13 in 2017-18).
- One request for review found we had failed to respond to the original request within the statutory timescale (5 in 2017-18 were invalid or withdrawn).

A decision by the Scottish Information Commissioner (SIC) found that we had complied with the Freedom of Information (Scotland) Act 2002 (FOISA).

## Data Protection

SPSO processed 100 subject access requests (SAR) under the Data Protection Legislation (72 in 2017-18). We received one decision from the UK Information Commissioner (ICO) that found that we had failed to respond to a SAR within the statutory timescale.

We reported two data security incidents to the Information Commissioner (ICO) (2 in 2017-18).

1. In one case, a file being returned to us by courier was picked up by another courier by mistake.
2. In the other case, an encrypted disc went missing from a file.

The Information Commissioner decided in both cases that no action was required.

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.<sup>3</sup>

## Internal audit and risk management

The SPSO's Advisory Audit Board (AAB) supports the Ombudsman in relation to responsibilities for risk, internal control and governance. Each year the chair of the SPSO AAB produces an annual report on behalf of the Committee. The purpose of the report is to summarise the board's work over the previous financial year and provide the board's opinion in relation to our governance. Jean Couper CBE, chair of the AAB, provided her detailed report that is published on our website.<sup>4</sup>

<sup>3</sup> Our Information Governance handbook can be found at <http://www.spsso.org.uk/spsso-policies>

<sup>4</sup> Our Advisory Audit Board annual reports can be found at <https://www.spsso.org.uk/audit-and-advisory-committee>

The board met twice and considered each of the internal audit reports. In 2018-19 our internal auditors, the Scottish Legal Aid Board (under a shared services agreement), looked at the areas of payroll, absence, risk management, quality assurance mechanisms, business continuity and IS installation arrangements in line with cyber resilience and security. Based on this work, the Internal Auditor's annual opinion was that SPSO has a sound framework of control, which provides reasonable assurance regarding the effective and efficient achievement of its objectives and raised no issues of significance.

## **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.

## **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 26 September 2019.**

## **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, and
- 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:

- 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 is the 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.
- The Ombudsman chairs formal governance meetings of the LT to consider finance and audit matters, the annual business plan, the risk register, and the strategic direction of the organisation every quarter.
- The LT also meets, usually weekly, to oversee the day-to-day running of the operation.
- The Ombudsman is supported by the AAB, which provides assurance and advice about governance, including management of risk and internal control. The AAB meets at least twice 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 2018-19 was the first year of the three-year plan for 2018-21.
- Risk is managed actively through a risk management policy that sets out the approach to risk management for the delivery of strategic aims. The risk register identifies the key risks facing the organisation and 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 AAB at each meeting.

The most significant strategic risk to the organisation in 2018–19 remained the adequacy of resources to deliver a quality service that delivers effective complaint handling within an acceptable timescale. The majority of the SPSO’s workload is demand-led. Consequently, 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 hospitality and gifts register, which is updated regularly and published on our website.

We declare any fraud, whistleblowing or control failure incidents to the AAB and this forms part of the annual assurance process. In 2018-19 there were no instances of fraud or bribery identified or detected in SPSO.

### **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 SPFM in line with the Financial Memorandum agreed with the SPCB.



I am assured that throughout 2018-19 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; therefore, it can 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.

Audit Scotland undertook a full review of the operational risk register in February 2012 and provided recommendations to management for improvement that were fully adopted. This formed the basis for each successive register. In 2017 I reviewed risk management arrangements. Following this we introduced a strategic risk register covering the years of the Strategic Plan and addressing the areas of reputation, communication, governance, resources, business continuity and withdrawal of the UK from the European Union. This register is reviewed quarterly and published on our website.<sup>5</sup>

The overall operational risk profile for 2018-19 was low to moderate. The only significant risks to carry forward into 2019-20 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 drawing on the SPCB contingency fund, approaching the SPCB for ongoing increases in funding and through continuous improvement aimed at improving efficiency. The internal audit function has reviewed the process for managing risk.

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**

**Date** : 7 October 2019

<sup>5</sup> Our Strategic Risk Register can be found at <https://www.spsso.org.uk/corporate-planning>

# 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. Advisory Audit Board

The Ombudsman's Advisory Audit Board 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 (2017-18 £0-£5,000). All independent committee member appointments are part-time and are non-pensionable.

### 4.2. Ombudsman and Director

Set out in the table below are the salaries (including overtime, but excluding employer's superannuation and national insurance contributions), benefits in kind and pension entitlements of the Ombudsman and Director. Information is presented for the whole year to 31 March 2019.

Remuneration	2018-19 £'000		2017-18 £'000	
<b>Ombudsman</b>		<b>TOTAL</b>	Rosemary Agnew (11 months)	Jim Martin (1 month)
Salary	80-85	80-85	75-80	5-10
Benefits in kind	Nil	Nil	Nil	Nil
Pension benefits (i)	33	12	30	-18
<b>Total</b>	<b>115-120</b>	<b>70-75</b>	105-110	-10
<b>Director</b>				
Salary (FTE)	80-85	80-85		
Benefits in kind	Nil	Nil		
Pension benefits (i)	14	12		
<b>Total</b>	<b>95-100</b>	<b>95-100</b>		

Pension Benefits	Total accrued pension at age 60 as at 31 March 2019 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2019	CETV at 31 March 2018	Value of CETV increase over year funded by the employer	Employer contribution to private pension account
	£'000	£'000	£'000	£'000	£'000	£'000
Ombudsman	10-15	0-2.5	189	147	20	0
Director (ii)	0	0	0	0	0	14

## Notes:

- (i) 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.
- (ii) In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges and firefighters schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government issued a written ministerial statement and confirmed that as 'transitional protection' was offered to members of all the main public service pension schemes, the difference in treatment will need to be remedied across all those schemes, including the civil service pension schemes. Civil Service Pensions are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.
- (iii) 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.

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. Her Majesty the Queen appoints the Ombudsman following nomination by the Scottish Parliament.

The Director holds an appointment that 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 (none in 2017-18).

#### 4.7. Staff salary profile as at 31 March 2019

	31 March 2019		31 March 2018	
	£'000	%	£'000	%
Permanent	2,690	95.5%	2,202	93.9%
Other	127	4.5%	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.

	2018-19	2017-18
Staff remuneration	£21,806 – £84,648	£21,056 – £82,182
Workforce median	£39,291	£36,805
Ombudsman remuneration	£80,000 – £85,000	£80,000 – £85,000
Ratio	2.14 times median of workforce	2.29 times median of workforce

The change in ratio is due to applying a cost of living increase to all pay bands and the shortening of pay-scale journey times in line with legal obligations. During the 2018-19 accounting period, the SPSO maintained the Living Wage Accreditation status.

## 5. Staff report (excluding the Ombudsman<sup>6</sup>)

### 5.1. Staff numbers

	2018-19					2017-18				
	Male	%	Female	%	Total	Male	%	Female	%	Total
Full-time	17	23%	39	52%	<b>56</b>	18	25%	38	54%	<b>56</b>
Part-time	1	1%	18	24%	<b>19</b>	1	1%	14	20%	<b>15</b>
<b>Total</b>	<b>18</b>	<b>24%</b>	<b>57</b>	<b>76%</b>	<b>75</b>	<b>19</b>	<b>27%</b>	<b>52</b>	<b>73%</b>	<b>71</b>
FTE <sup>7</sup>	16	25%	47	75%	<b>63</b>	17	29%	42	71%	<b>59</b>

### 5.1. Staff costs

Pay band <sup>8</sup>	2018-19					2017-18				
	Male	%	Female	%	Total	Male	%	Female	%	Total
1	0	0%	4	5%	<b>4</b>	0	0%	4	6%	<b>4</b>
2	2	3%	15	20%	<b>17</b>	2	3%	13	18%	<b>15</b>
3	14	19%	32	43%	<b>46</b>	15	21%	30	42%	<b>45</b>
4	1	1%	3	4%	<b>4</b>	1	1%	1	1%	<b>2</b>
5	1	1%	2	3%	<b>3</b>	1	1%	3	4%	<b>4</b>
6	0	0%	1	1%	<b>1</b>	0	0%	1	1%	<b>1</b>
<b>Total</b>	<b>18</b>	<b>24%</b>	<b>57</b>	<b>76%</b>	<b>75</b>	<b>19</b>	<b>27%</b>	<b>52</b>	<b>73%</b>	<b>71</b>

### 5.3. Staff composition

	2018-19					2017-18				
	Male	%	Female	%	Total	Male	%	Female	%	Total
Director			1	100%	<b>1</b>			1	100%	<b>1</b>
Employees	18	24%	56	76%	<b>74</b>	19	27%	51	73%	<b>70</b>
<b>Total</b>	<b>18</b>	<b>24%</b>	<b>57</b>	<b>76%</b>	<b>75</b>	<b>19</b>	<b>27%</b>	<b>52</b>	<b>73%</b>	<b>71</b>

### 5.4. Average Staff Employed (Full Time Equivalent)

The average number of full time equivalent (FTE) persons employed by the SPSO during the period was as follows:

	2018-19 FTE	2017-18 FTE
Staff	62.79	59

<sup>6</sup> The Ombudsman is appointed by the Scottish Parliament, therefore, not a member of the SPSO staff.

<sup>7</sup> The average number of full time equivalent (FTE) persons employed by the SPSO during the period.

<sup>8</sup> We publish our pay bands here: <https://www.spsos.org.uk/class-5-how-we-manage-our-human-physical-and-information-resources>

## 5.5. Breakdown of staff costs

	2018-19 £'000	2017-18 £'000
Salaries / wages	2,832	2,560
Social security costs	247	249
Pension costs	546	485
<b>Total</b>	<b>3,625</b>	<b>3,294</b>

## 5.6. Staff sickness absence

	31 March 2019	31 March 2018
Total members of staff for the full year	75	72
Absence for year	361.5 days	335.5 days
Average days per employee	4.82 days	4.7 days
Absence excluding long-term absence <sup>9</sup>	224.5 days	232.5 days
Average days per employee excluding long-term absence	2.99 days	3.2 days
% staff with a period of absence	73.3%	52.8%

The overall figure of 4.82 days per employee (including long-term absence) is below the average figure of 5.9 days reported for public sector employees in 2019 (*Chartered Institute of Personnel Health and Wellbeing at Work 2019: Public Sector Summary* Published April 2019).

## 5.7. Employee turnover and staffing changes

In 2018-19 four members of staff retired or resigned. In response to this, SPSO recruited people into each of these roles. Seven vacancies were created as a result of internal promotions. We had eight members of staff on parental leave during 2018-19 and this created three vacancies for which we recruited. We also created and filled an additional three roles.

## 5.8. 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.

SPSO is committed to recognising and valuing what everyone has to offer. This includes a commitment to improving our policies and practices on disability. We are aware of our equality duties under the Equality Act 2010. In our policy development and our decision making we consider the implications for staff who are protected under the Equality Act. Staff with management responsibilities receive training and 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.

<sup>9</sup> Sickness absence is divided into short and long term; long-term absence is defined as any period of/over 10 consecutive days

Built into this year's accommodation project were overt considerations to make the new premises as useable as possible for staff and visitors with disabilities. An accessibility audit was undertaken before finalising the plans and after all organisations had moved in. These considerations included designing a dedicated welfare room; building an additional disabled-access toilet on the first floor where the shared meeting rooms and facilities are located; installing a new shower block with a disabled-access toilet and shower; installing induction loops at the reception desk and in the shared meeting facilities and welfare room; providing a lowered bench space in the shared kitchen for wheel-chair users, ensuring all rooms signs were also in braille; and installing noise-absorption ceiling fins and moveable panels where voice-recognition software is used.

This year we have had a greater focus on mental health and well-being, with the development of policies and practices to support all staff, but in particular those with mental health issues. We also enhanced our flexible working policies and time-bands to support home-working arrangements, including where required to support a disability, or caring responsibilities. We have also established an internal working group "IDEA" (Inclusion, Diversity, Equalities and Accessibility) that is interested in a broad range of issues where questions of inclusion might arise including looking at diversity within SPSO itself and how this might be encouraged.

## 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 (IIP), valid from 2017 to 2020. IIP carried out its annual review in June 2018, the outcome being the SPSO maintain 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 at the end of 2018-19. The results of the survey were positive, indicating good levels of job satisfaction, engagement and dedication. Staff indicated a strong sense of commitment to the organisation, despite the challenges of demanding workloads. Our survey reports are published annually on our website<sup>10</sup>.

<sup>10</sup> <https://www.spsos.org.uk/research-and-surveys>



### 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. A mix of internal and external experts deliver group training sessions.

In 2018–19 this included areas such as Unconscious Bias and Decision-Making, Presentation Skills, Influencing Skills, Flourish Workshops, Effective Meetings using Time to Think, Equal Opportunities and Diversity awareness, New Duty of Candour Legislation, Strategic Thinking and Vicarious Trauma Training. We ran a number of induction sessions for colleagues new to the organisation, including telephone training.

### 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.<sup>11</sup> In addition to our qualified first aiders and mental health 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) about pay and other related matters. We have published our facility time statement of support on our website.

**Rosemary Agnew**  
**Scottish Public Services Ombudsman**  
**Date:** 7 October 2019

<sup>11</sup> <https://www.spsso.org.uk/spsso-policies>

# Independent auditor's report to the members of 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 2019 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 2018/19 Government Financial Reporting Manual (the 2018/19 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 2019 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 2018/19 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 for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. 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 were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is three years. 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. Non-audit services prohibited by the Ethical Standard were not provided to the body. 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.

### **Risks of material misstatement**

We have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our conclusions thereon.

### **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.

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 obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. We therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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

## 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.

## 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.

## Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

## 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, 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

**Date** 7 October 2019

# Financial Statements

## Statement of comprehensive net expenditure for the year ended 31 March 2019

	Notes	2018-19 £'000	2017-18 £'000
<b>Administrative costs</b>			
Staff costs	4,5	3,740	3,414
Other administration costs	6	1,195	949
Depreciation	7	128	45
Other operating income	3	(69)	(79)
<b>Net administration costs</b>		<b>4,994</b>	<b>4,329</b>
<b>Net operating costs and total comprehensive net expenditure for the year</b>		<b>4,994</b>	<b>4,329</b>

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

The accompanying notes on pages 66 to 74 form an integral part of these accounts.



**Statement of financial position as at 31 March 2019**

	Notes	2018-19 £'000	2017-18 £'000
<b>Non-current assets</b>			
Property, plant and equipment	7	1,466	64
Intangible assets	8	-	-
<b>Total non-current assets</b>		<b>1,466</b>	<b>64</b>
<b>Current assets</b>			
Trade and other receivables	9	137	132
Cash and cash equivalents	10	129	153
<b>Total current assets</b>		<b>266</b>	<b>285</b>
<b>Total assets</b>		<b>1,732</b>	349
<b>Current liabilities</b>			
Trade and other payables	11	(339)	(190)
<b>Total current liabilities</b>		<b>(339)</b>	<b>(190)</b>
<b>Total assets less current liabilities</b>		<b>1,393</b>	159
<b>Non-current liabilities</b>		-	-
<b>Assets less liabilities</b>		<b>1,393</b>	<b>159</b>
<b>Taxpayers' equity</b>			
General Fund		1,393	159
<b>Total Taxpayers' Equity</b>		<b>1,393</b>	<b>159</b>

The accompanying notes on pages 66 to 74 form an integral part of these accounts.

**Rosemary Agnew**  
**Scottish Public Services Ombudsman**  
**Date:** 7 October 2019

**Statement of cash flows for year ended 31 March 2019**

	Notes	2018-19 £'000	2017-18 £'000
<b>Cash flows from operating activities</b>			
Net operating cost		(4,994)	(4,329)
Adjustment for non cash transactions			
Depreciation		128	45
Movements in working capital			
(Increase)/Decrease in trade and other receivables		(5)	(18)
Increase/(Decrease) in trade and other payables		149	22
<b>Net cash outflow from operating activities</b>		<b>(4,722)</b>	<b>(4,280)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,530)	(29)
Purchase of intangible assets			
<b>Net cash outflow from investing activities</b>		<b>(1,530)</b>	<b>(29)</b>
<b>Cash flows from financing activities</b>			
Financing from the Scottish Parliamentary Corporate Body	2	6,228	4,368
<b>Net cash inflow from financing activities</b>		<b>6,228</b>	<b>4,368</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		<b>153</b>	94
Cash flow in year		<b>(24)</b>	59
Cash and cash equivalents at the end of the period		<b>129</b>	<b>153</b>

### Statement of changes in taxpayers' equity for year ended 31 March 2019

	Notes	2018-19 £'000	2017-18 £'000
<b>Balance at 31 March 2018</b>		<b>159</b>	120
Net operating costs and total comprehensive net expenditure for the year		(4,994)	(4,329)
General funding from SPCB	2	4,706	4,368
Non-recurring funding from SPCB	2	1,522	0
<b>Balance at 31 March 2019</b>		<b>1,393</b>	<b>159</b>

# 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 the 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

1.2.2 All property, plant and equipment assets are accounted for as non-current assets unless they are deemed to be held for sale. Enhancements to occupied space relating to a property interest held under an operating lease, such as interior fit out costs, and including related professional fees, are capitalised. The minimum level of capitalisation of a property asset is £10,000 and for individual items of equipment is £500. Costs relating to information technology hardware and systems are capitalised where the grouped value exceeds £500. All values include irrecoverable VAT. 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	10 years 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.

### **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**

The Ombudsman holds no finance leases. Costs in respect of operating leases are charged to the income and expenditure account as they fall due.

### **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.<sup>12</sup>

### **1.7 Value added tax (VAT)**

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:

<sup>12</sup> <http://www.civilservicepensionscheme.org.uk/media/94676/pcsp-2012-valuation-final-report-final-22072014.pdf>

## 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'.

### 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

#### 1.11.1 Standards issued effective in 2018-19

The following accounting standards have been applied for the first time in 2018-19

- IFRS 9 Financial instruments  
The standard replaces IAS 39 and introduces a single approach to classification and measurement of financial instruments; a new forward-looking expected less impairment model; and a revised approach to hedge accounting.
- IFRS 15 Revenue from contracts with customers  
The standard introduces greater disclosure requirements, as well as a new five stage model for assessing and recognising revenue from contracts with customers.

There is no material impact from applying these new accounting standard for SPSO.

### 1.11.2 Standards issued not effective

- IFRS 14 Regulatory deferral accounts – not EU-endorsed. Applies to first time adopters on IFRS after January 2016. Therefore not applicable to SPSO.
- IFRS 16 Leases – application required for accounting periods beginning on or after 1 January 2019, but not yet adopted by the FReM. Early adoption is not therefore permitted. This means that for the 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.
- IFRS 17 Insurance contracts – application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM. Early adoption is not therefore permitted.
- IFRIC 23 Uncertainty over income tax treatments – application required for accounting periods beginning on or after 1 January 2019.
- The Ombudsman does not expect that the adoption of the standards and interpretations detailed above for IFRS 17, and IFRIC 23 will have a material impact on the financial statements of the Ombudsman in future periods.

## 2. Funding from SPCB

	2018-19 £'000	2017-18 £'000
General funding from SPCB	4,706	4,368
Non-recurring funding from SPCB	1,522	0
<b>Total funding from SPCB</b>	<b>6,228</b>	<b>4,368</b>

An increase in general funding in 2018/19 was due to the increase in staff costs. The non-recurring funding of £1,522,000 was allocated for the Shared Accommodation Project to provide shared accommodation, which brought together the Children and Young People's Commissioner for Scotland (CYPCS), Scottish Human Rights Commission (SHRC) and SPSO in Bridgeside House, 99 McDonald Road, Edinburgh.

### 3. Income from all sources

	2018-19 £'000	2017-18 £'000
Gross income from training	62	72
Other operating income	7	7
	<b>69</b>	<b>79</b>

### 4. Staff numbers and costs (including the Ombudsman)

#### 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:

	2018-19 FTE	2017-18 FTE
Ombudsman	1	1
Staff	63	59
	<b>64</b>	<b>60</b>

#### 4.2 Breakdown of staff costs

	Ombudsman £'000	Staff £'000	Total £'000
<b>Administrative costs</b>			
Salaries / wages	84	2,832	2,916
Social security costs	10	247	257
Pension costs	33	545	567
	<b>115</b>	<b>3,625</b>	<b>3,740</b>
<b>Comparative for year ended 31 March 2018</b>			
<b>Administrative costs</b>			
Salaries / wages	88	2,560	2,648
Social security costs	11	249	260
Pension costs	12	485	506
	<b>120</b>	<b>3,294</b>	<b>3,414</b>

Staff costs rose in 2018-19 due to annual increments and recruitment of staff numbers due to the office relocation and in preparation for Independent National Whistleblowing Officer functions.



## 5. Pension costs

For 2018-19, employer's contributions of £545,223 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 2019 (2018 £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.

Nine employees opted for a partnership pension account with a private sector pension scheme into which the SPSO made an employer contribution to the value of £50,000 in 2018-19. Employer contributions include a matching contribution up to 3% and are age-related and ranging from 8% to 14.75% of pensionable pay.

## 6. Other administrative costs

	2018-19 £'000	2017-18 £'000
Property costs	457	304
Professional advisors	232	257
Professional services	62	61
General office running costs	309	194
Staff training	20	26
Travel and expenses	15	16
Printing and publications	36	39
Telephones and postage	45	37
External communications and training unit costs	19	15
	<b>1,195</b>	<b>949</b>

The above total includes £17,870 (2017-18 £17,520) for external auditor's remuneration. The external auditor received no fees in relation to non-audit work. The increase in general office running costs are due to the increase in IT licences and fees, and an increased number of users. Running costs include £1,107 (2017-18 £1,479) of equipment rental costs in association with operating leases.

## 7. Property, plant and equipment

	Leasehold improvements	Equipment	Furniture fixtures & fittings	IT hardware & systems	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2018	493	22	186	242	943
Disposals	(493)	(20)	(68)	(180)	(761)
Additions	1,286	1	240	3	1,530
At 31 March 2019	1,286	3	358	65	1,712

<b>Depreciation</b>					
At 1 April 2018	478	21	186	194	879
Disposals	(493)	(20)	(68)	(180)	(761)
Charge for year	95	1	16	16	128
At 31 March 2019	80	2	134	30	246

<b>Net book value at</b>					
31 March 2019	<b>1,206</b>	<b>1</b>	<b>224</b>	<b>35</b>	<b>1,466</b>
31 March 2018	<b>15</b>	<b>1</b>	<b>-</b>	<b>48</b>	<b>64</b>

	Leasehold improvements	Equipment	Furniture fixtures & fittings	IT hardware & systems	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2017	493	22	186	213	914
Additions	-	-	-	29	29
At 31 March 2018	493	22	186	242	943

<b>Depreciation</b>					
At 1 April 2017	445	21	186	182	834
Charge for year	33	-	-	12	45
At 31 March 2018	478	21	186	194	879

<b>Net book value at</b>					
31 March 2018	<b>15</b>	<b>1</b>	<b>-</b>	<b>48</b>	<b>64</b>
31 March 2017	<b>48</b>	<b>1</b>	<b>-</b>	<b>31</b>	<b>80</b>

## 8. Intangible assets

<b>Software and licences</b>	
<b>Cost</b>	<b>£'000</b>
At 1 April 2018	270
Disposals	(270)
Additions	-
At 31 March 2019	-
<b>Amortisation</b>	
At 1 April 2018	270
On disposals	(270)
Charge for year	-
At 31 March 2019	-
<b>Net book value at 31 March 2019</b>	<b>-</b>
<b>Net book value at 31 March 2018</b>	<b>-</b>

## 9. Trade receivables and other current assets

	<b>2018-19 £'000</b>	2017-18 £'000
Prepayments	118	129
Other debtors	19	3
	<b>137</b>	<b>132</b>

## 10. Cash and cash equivalents

	<b>2018-19 £'000</b>	2017-18 £'000
Balance at 1 April	153	94
Net change in cash and cash equivalents	(24)	59
Balance at 31 March	<b>129</b>	<b>153</b>
Cash held at commercial banks	<b>129</b>	<b>153</b>

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

	<b>2018-19 £'000</b>	2017-18 £'000
Trade payables	23	25
Accruals - HMRC	78	75
Accruals - non-government bodies	238	90
	<b>339</b>	<b>190</b>

## 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	72	72
Within two to five years of the balance sheet date	884	884
Over five years of the balance sheet date	1,015	1,015
	<b>1,971</b>	<b>1,971</b>
<b>Comparative for year ended 31 March 2018</b>		
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	-	-
	<b>71</b>	<b>71</b>

## 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 that 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.

# Direction by the Scottish Ministers



## **SCOTTISH PUBLIC SERVICES OMBUDSMAN 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**







**SCOTTISH  
PUBLIC  
SERVICES  
OMBUDSMAN**



**People Centred | Improvement Focused**

**Scottish Public Services Ombudsman**

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Laid before the Scottish Parliament by the Scottish Public Services Ombudsman in October 2019 in pursuance of section 17(1) and (3) of the Scottish Public Services Ombudsman Act 2002.