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1. PURPOSE

- 1.1 The Department for Communities and Local Government or ‘DCLG’, The Parliamentary and Health Services Ombudsman (‘PHSO’) and Local Government Ombudsman (‘LGO’) (here after referred to as the “Authority”) are seeking to procure a Contract to provide expert consultancy advice to assist Executives from the LGO and the PHSO. The advice will support the determination of the budget required to provide a high quality service to the public which meets the predicted level of demand and makes the most of opportunities to reduce costs via efficiency savings through the creation of a new organisation.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 [DCLG](#) is a Ministerial Department, supported by 11 agencies and public bodies. DCLG’s role is to create great places to live and work, and to give more power to local people to shape what happens in their area. Key responsibilities include driving up housing supply; increasing home ownership; devolving powers and budget to boost local growth in England; and supporting strong communities with excellent public services.
- 2.2 The [PHSO](#) look into complaints where an individual believes there has been injustice or hardship because an organisation has not acted properly or fairly or has given a poor service and not put things right.
- 2.3 The [LGO](#) are the final stage for complaints about councils and some other organisations providing local public services. The LGO also look at complaints about adult social care providers (such as care homes and home care providers).

3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 3.1 The Government has published its [response](#) to the consultation on creating a single Public Services Ombudsman (PSO) organisation which would take on the functions of the PHSO and LGO. It proposes to bring forward draft legislation to this effect as soon as is practical.
- 3.2 It is a vital piece of the legislative process to understand what resources must be set aside to deliver a high quality, cost-effective service available to all complainants. Within the context of the service that the PSO must deliver, the Authority requires consultancy support to provide an assessment of the potential resources required to support the delivery of the proposed new Public Services Ombudsman organisation, based on the provision of the optimum ombudsman service.
- 3.3 The LGO and the PHSO are now working with Government departments (Cabinet Office, HM Treasury and the Authority) to help to prepare for the establishment of a new PSO.
- 3.4 The PSO will be a new organisation and not the merger of the existing LGO and PHSO organisations. Draft legislation is expected to be published by the end of 2016.



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- 3.5 The PSO must deliver the “optimum ombudsman service”, and the LGO and PHSO have set out a single vision for this which both organisations are actively pursuing. **Appendix 1** to this document details the vision and mission of the optimum ombudsman service, which provides the context for the service to be delivered by the PSO and is fundamental to this Contract.
- 3.6 A key supporting aspect of this work is to provide a high-level ‘zero-based’ assessment and estimate of what the steady state running costs will be for the proposed PSO scheme, in comparison to those of PHSO and LGO.
- 3.7 The Joint Executive Team, comprising senior Executives from both organisations, has agreed a set of basic assumptions for approaching this assessment. **Appendix 2** of this document outlines the agreed assumptions.

4. SCOPE OF REQUIREMENT

- 4.1 The Contractor will be required to deliver;
- 4.1.1 a well-considered and high-level view of the running costs to deliver the optimum ombudsman service, including a breakdown of the key financial components and articulation of the services this will deliver;
 - 4.1.2 a zero-based approach to the estimate;
 - 4.1.3 identification of any associated business issues that might arise in establishing the new organisation;
 - 4.1.4 identification of business issues and risks arising from any changes to the current business model which would be required to deliver the optimum ombudsman service in the most cost-effective way;
 - 4.1.5 recommendations as to how the above two issues can be mitigated;
 - 4.1.6 an understanding of the key business decisions which may be necessary to deliver the service in the most cost-effective way; and
 - 4.1.7 benchmarking against other ombudsman services (see Section 5 “The Requirement”).
- 4.2 The outcome of the Contract will feed directly into discussion about the proposed PSO legislation in the coming months.
- 4.3 A final report to be produced by the Contractor must include an analysis of the reliability of the data which underpins the conclusions drawn, the underpinning assumptions and any further work required.

Out of Scope - Transitional costs

- 4.4 It is anticipated that there will be significant one-off transitional staffing costs associated with introducing the new PSO. These will be calculated separately (by the Cabinet Office and DCLG) and the costings are not within the scope of this Contract. Staffing costs include; voluntary and compulsory redundancies, relocation, pension scheme, legal costs, retraining, temporary additional staff.



5. THE REQUIREMENT

- 5.1 PHSO and LGO have already identified savings that both organisations will deliver over the four year period of the Government's Spending Review, covering 2016/17 to 2019/20. For information, 2016/17 budgets have been included at **Appendix 3** of this document. This sees a 20% real terms reduction in the cost of both organisations. The submissions of both organisations, together with the summarised impact on overall resource requirements, are set out at **Appendix 4** of this document.
- 5.2 These savings reflect each organisation individually, and do not consider the potential service benefits (both improvements in service and productivity), and consequential financial efficiencies, from operating as a single organisation. A key aspect of this Contract will be to identify where further efficiency savings can be made.
- 5.3 It must also be recognised that the LGO and PHSO are at different stages in delivering savings. It is important that this is considered within the analysis, to ensure savings are not double counted, nor costs duplicated.
- 5.4 The Contractor is required to deliver a draft report and a final report summarising the estimated total resource requirements for the PSO, based on the high quality services which the PSO must deliver. The final report must highlight where opportunities exist to achieve efficiency savings.
- 5.5 The final report must:
- 5.5.1 Clearly set out the service and financial assumptions, and the rationale for each, which underpin the cost estimate;
 - 5.5.2 Provide an assessment of the reliability of the data used;
 - 5.5.3 Identify the actions necessary to achieve the estimated level of resources (for example, changes to working practices).
- 5.6 The final report shall include an estimate for each major financial component of the PSO and clearly indicate any assumptions made in arriving at each costing. This shall include:
- 5.6.1 **The optimal operational staffing requirement.** This must take into account the requirements of the optimum ombudsman service, the impact of different types of investigations, and the impact of changes in demand. This would also identify opportunities to streamline operational practices to provide the most cost-effective service which delivers to defined high-quality service standards. For current staff costs and caseload information, see **Appendices 5 and 6** of this Document.
 - 5.6.2 **The most efficient and effective resource requirement for corporate services,** including finance, HR, and other office support services.
 - 5.6.3 **A streamlined management structure.**
 - 5.6.4 **ICT and telephony infrastructure** (for information on the current ICT infrastructure see **Appendix 8** of this document.)
 - 5.6.5 **Clinical advice and Professional costs**



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- 5.6.6 **Future Accommodation.** This must take into account the need to ensure the future location(s) ensures capacity for quality, experienced staff to maintain service delivery. The preferred model is a multi-site approach with an ongoing presence in London. The accommodation model must be modern, decentralised, technologically enabled, flexible and cost effective, utilising existing and appropriate Government estate in line with current Government property guidelines. Details of current accommodation, costs and leases for both PHSO and LGO are at **Appendix 9**.
- 5.6.7 **Investment required to deliver the new service** - which is not included in the one-off transitional costs e.g. IT development, staff training/development and accommodation (to include; terminating or breaking leasing arrangements, fit out and removals, rent overlap, agents and legal fees and dilapidations).
- 5.6.8 **Other costs** (including depreciation).
- 5.7 The LGO and PHSO have agreed four basic assumptions for approaching this work:
- 5.7.1 The approach must be based on the creation of a new organisation - not the merger of two existing organisations. The first consideration must be the service to be provided – the financial analysis must flow from the cost-effective provision of the service and not vice versa.
- 5.7.2 The approach works within the parameters set out in the Cabinet Office's response to the consultation on the creation of a PSO.
- 5.7.3 The zero-based budget will be high level and indicative – not granular or complex.
- 5.7.4 There are clear similarities between the proposed role of the PSO and the existing Ombudsman schemes in Scotland, Wales and Northern Ireland. Therefore, with reference to the information in **Appendix 10**, the Contractor will benchmark the proposed funding requirement against these organisations (and also draw attention to any significant differences) as a test of reasonableness. The Contractor may also consider whether it is appropriate to benchmark against other Ombudsman services provided in England and the UK.
- 5.8 The zero-based estimate will include consideration of how costs might vary if there are changes in the assumed complaint volumes. Within this analysis consideration must be given by the Contractor to:
- 5.8.1 The impact on resource requirements for the PSO of the optimum ombudsman service, taking into account the potential impact on demand for the service of removing the current MP filter for Parliamentary complaints;
- 5.8.2 The requirement to effectively engage with Parliament and the Select Committee process, and ensure the PSO has the capacity and resource to undertake these responsibilities;
- 5.8.3 The impact of governance models; and



- 5.8.4 Ensuring that the PSO can deliver greater impact on both public services and the complaints system through systemic change.
- 5.9 The final report to be delivered by the Contractor will note any areas where efficiency savings can be identified and will estimate the scope of these savings and any changes to current business practice, and the associated risks that may arise.
- 5.10 The Contractor will be required to attend an initial briefing in London as early as possible following their engagement. This will ensure that the scope and intentions of the Contract and the required outputs are fully explained and allow the Contractor to clarify any points of detail.
- 5.11 During the Contract the Contractor will liaise closely with LGO and PHSO. In particular this should occur at any significant points during the Contract; for example, where clarification is required, a particular approach or method is being proposed or where new or significant assumptions are being made or data appears unreliable or missing.
- 5.12 The Contractor will have access to relevant LGO and PHSO staff during the Contract, such as is necessary to successfully complete the required work. Details of LGO / PHSO staff that may be required to assist the Contractor will be provided during the initial briefing or on request. The Contractor will also have access to relevant staff from DCLG, HM Treasury and Cabinet Office.
- 5.13 The Contractor will be required to gather any missing or additional data and business information from the appropriate staff, as directed.

6. KEY MILESTONES

- 6.1 The Contractor must note the following project milestones that the Authority will measure the quality of delivery against:

Milestone	Description	Timeframe
1	Draft report completed and submitted by the Contractor	Within 8 weeks of Contract Award
2	Draft report reviewed by PHSO /LGO	Within 10 weeks of Contract Award
3	Final report completed and shared with Cabinet Office/the Authority	Within 12 weeks of Contract Award

7. AUTHORITY'S RESPONSIBILITIES

- 7.1 The Authority shall provide all the funding to support this assignment.
- 7.2 The Authority shall procure the appropriate services to undertake it.
- 7.3 The Authority will provide any assessment of the quality of the service provided and liaise with the Contractor on any performance issues.
- 7.4 LGO and PHSO will be responsible for arranging and managing any meetings schedule and logistics and will advise the Contractor with regard to their involvement and contribution.



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- 7.5 The Authority will be the managing body for the Contract with regards to resourcing, expertise and the financials. Any variation to the agreed arrangements will be agreed in advance between the Authority's Contract Manager and the Contractor.

8. REPORTING

- 8.1 The Contractor is required to deliver the Contract to instruction and satisfaction of the Director of Operations, LGO and the Executive Director of Finance and Governance, PHSO. The draft report and final report are subject to approval by of the Director of Operations (LGO) and the Executive Director of Finance and Governance (PHSO).

9. CONTINUOUS IMPROVEMENT

- 9.1 The Contractor will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.
- 9.2 The Contractor should present new ways of working to the Authority during monthly Contract review meetings.
- 9.3 Changes to the way in which the Services are to be delivered must be brought to the Authority's attention and agreed prior to any changes being implemented.

10. PRICE

- 10.1 Prices are to be submitted via the e-Sourcing Suite using the Appendix E, and excluding VAT.
- 10.2 The maximum capped budget available for the 12 week Contract is £80,000 excluding VAT.
- 10.3 Prices submitted via Appendix E (Price Schedule) will be the total cost of the Services. The Contractor will make no additional charges.

11. STAFF AND CUSTOMER SERVICE

- 11.1 The Authority requires the Contractor to provide a sufficient level of resource throughout the duration of the Public Service Ombudsman Consultancy Services Contract in order to consistently deliver a quality service to all Parties.
- 11.2 Contractor staff assigned to the Public Service Ombudsman Consultancy Contract shall have the relevant qualifications and experience to deliver the Contract.
- 11.3 The Contractor shall ensure that staff understand the Authority's vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.



12. SERVICE LEVELS AND PERFORMANCE

12.1 The Authority will measure the quality of the Contractor's delivery by:

12.1.1

KPI/SLA	Service Area	KPI/SLA description	Target
#1	Delivery Timescales	Contractor delivers draft report 8 weeks from Contract Award.	100%
#2	Delivery Timescales	Contractor delivers final report 12 weeks from Contract Award	100%
#3	Customer Service	Contractor responds to all Authority, PHSO and LGO communications within 1 Working Day	95%
#4	Customer Service	Contractor attends monthly Contract meetings	100%
#5	Reporting	Contractor delivers progress report prior to each Contract meeting	100%

13. INTELLECTUAL PROPERTY RIGHTS (IPR)

13.1 All analysis (including any calculations and models) used to generate the output should be provided to the Authority for future use. This analysis, and the draft and final reports, will be the property of the Authority, equally. The Contractor must not disclose the report (either in part or in full) to any third parties prior to publication by the Authority, unless the Authority gives express consent to do so.

14. PAYMENT

14.1 Payment will only be made following satisfactory delivery by the Contractor of the products and deliverables outlined in 12.1.1. In addition, the final report must be approved by of the Director of Operations, LGO and the Executive Director of Finance and Governance, PHSO before payment is made.

14.2 All Invoices are to be sent on a monthly basis to FSSD CIP Team, 4th Floor, High Trees, Hillfield Road, Hemel Hempstead, Hertfordshire, HP2 4XN.

14.3 Payment will be made in arrears, subject to invoice(s) being submitted for work carried out.

14.4 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs. The invoice must also include the purchase order number.



Appendices:

Appendix 1 - The Optimum Ombudsman Service

LGO and PHSO agree that there would be benefits to amending and updating the legislative framework within which our organisations operate, to make it easier for the public to use a single clear system for complaints. Until such changes are introduced, we are committed to working together to provide the optimum ombudsman service without legislative change, and have set out a single vision for this which both organisations are actively pursuing.

Vision: The optimum ombudsman service is independent, available to all complainants, providing the best service to the public in the most cost effective way, within the current legislative framework.

Mission: To harmonise and/or develop the services currently offered by LGO and PHSO, so that, together, we meet the requirements of an optimum ombudsman service.

The optimum ombudsman service is:

1. Easy to use

- We can be easily found via prominent, well publicised access points (whether using web, email, telephone, social media or post).
- We provide a simple, seamless and customer-focused service, regardless of the nature of your complaint, even if spans different areas of our jurisdiction.
- We make reasonable adjustments where necessary and are flexible to support our most vulnerable users.
- We explain every stage of our process and all of our staff communicate in plain language.

2. Able to remedy injustice

- Our recommendations are specific, clear and proportionate.
- We check to ensure that all recommendations are complied with by the bodies concerned, working with regulators, Parliament, local government and others where necessary, and publish the outcomes.
- Our remedies are consistent with our published guidance.

3. Fair and transparent

- We have a clear end-to-end business process and guidance used by staff to reach decisions. Both of these can be understood by the public.
- We publish all of our complaint decisions, subject to them being anonymised to protect individuals' identities.
- We adhere to the same published quality standards and apply the same policies, irrespective of where you live or the nature of your complaint(s).



4. Responsive

- All enquiries dealt with promptly: within three weeks, complainants either receive a formal decision or are told that we will investigate in detail.
- Investigations are concluded within 90 days of receiving responses to our enquiries (this can be extended only in the most complex cases).
- At least 99% of all cases are completed within 52 weeks.

5. Efficient and cost-effective

- Back office costs are in line with the costs of similar, comparable, organisations.
- We will measure and publish our overall cost per complaint
- We use new technology and innovative solutions to continuously improve our services.

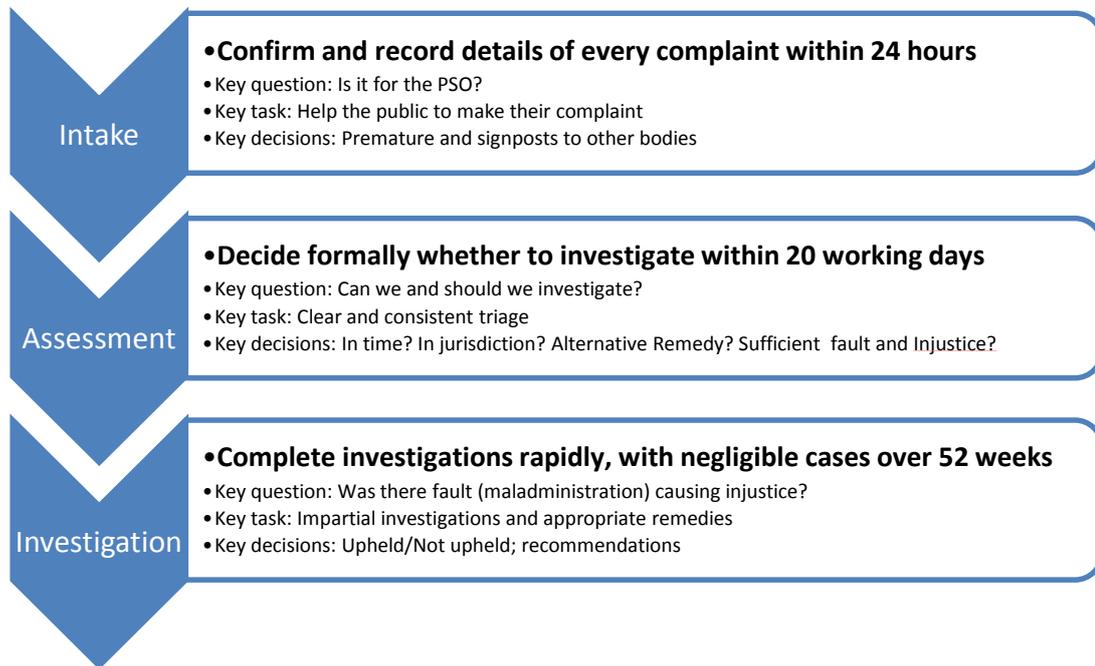
6. A respected independent voice

- We are recognised as an authoritative, expert, body in each of the areas within our jurisdiction.
- We encourage improvement in publicly funded services by highlighting learning from complaints and working with others to improve services and local complaint handling.
- Where there appear to be serious systemic failures, we will undertake in-depth investigations to get to the root of problems and to publicise our findings where we consider it necessary to effect change.



Key characteristics of the proposed business model for handling complaints in the new PSO:

1. Three-stages of seamless one-touch casework management: Intake; Assessment; and Investigation.



2. Paper-free, centralised case management system: all case related documentation is scanned to a bespoke database and attached to a case in less than 24 hours of receipt.
3. An end-to-end quality monitoring system, owned and operated by frontline business managers, to generate real-time improvements before more serious problems arise.
4. Decisions published (identifiable details anonymised) to improve transparency and facilitate learning; all remedies followed up to ensure they are properly implemented.



Appendix 2 – Basic assumptions agreed for the high level estimate for the new PSO organisation

In preparation for the introduction of a new Public Services Ombudsman (PSO) scheme, LGO and PHSO have been working together to frame the assumptions which underpin a high level estimate of the likely costs of such a scheme. This has been done through the joint working of both Executive Teams.

Basic assumptions

The Joint Executive Team has agreed a set of basic assumptions for approaching this work:

1. Our approach is based on the creation of a new organisation - not the merger of two existing organisations.
2. The zero-based budget will be high level and indicative – not granular or complex.
3. We assume that the new Public Services Ombudsman will be designed to deliver the optimum ombudsman service.
4. The zero-based budget will be focused on the major areas of spend: primarily staffing costs and accommodation but also including back office costs, IT, and any distinct significant spending areas (e.g. clinical advice).
5. We will work within the parameters already set out by the Cabinet Office: the Public Services Ombudsman will cover all areas currently served by LGO and PHSO but will not be extended to cover private healthcare, education, housing, or “own initiative” investigations.
6. There are clear similarities between the proposed role of the Public Services Ombudsman and the existing ombudsman schemes in Scotland, Wales and Northern Ireland. Therefore, we will benchmark our budget against these organisations (and also draw attention to any significant differences).
7. The zero-based budget will cover the running costs of the organisation in steady state. One-off transformational costs to be highlighted separately. We expect that these will be substantial.
8. In terms of demands on the new organisation, we will base our estimates on the current volume of complaints dealt with by PHSO and LGO plus an increase of 20%, to recognise that the creation and promotion of a single body with improved public access will inevitably raise demand.
9. Accommodation costs will be a key part of our analysis so we will meet separately to agree assumptions and ensure that our long-term plans for accommodation in no way jeopardise the efficient running of the new organisation. [Note – the brief clarifies the approach to accommodation]
10. We are cautious not to base our budget on any notional fixed spending cap. However, we will be realistic about the need for cost savings and, if we present different cost options, we will be clear about the risks and benefits associated with these.

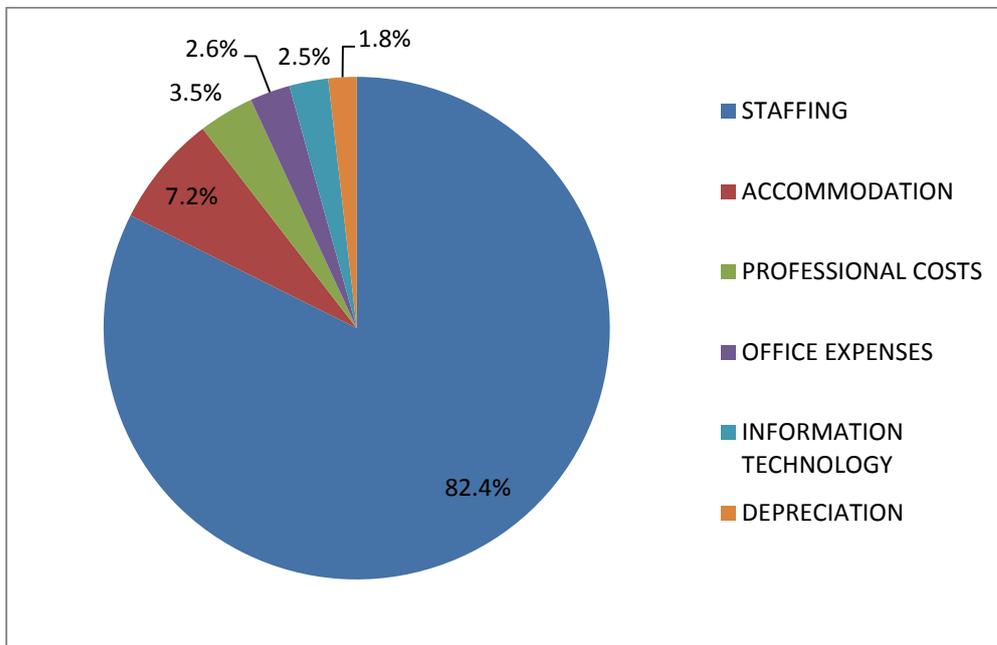


Appendix 3 - Resource and capital budgets for 2016/17

• **Current allocation of LGO resources**

Most of LGO expenditure is on staffing (82.4%) and accommodation (7.2%). The chart below illustrates the budgeted spending profile in 2016/17:

Breakdown of LGO expenditure



LGO staff costs:

- 85% of LGO's staff (138.4 FTE) are committed to casework (i.e. the management and resolution of complaints).
- 9% of staff (15.4 FTE) deliver LGO's corporate services.
- 6% of staff (9.6 FTE) are responsible for sharing the learning from complaints.



LGO functions and staffing levels:

Ombudsman	1.0
Executive	2.0
Intake	16.2
Assessment	29.6
Investigation	89.6
Learning from Complaints	9.6
Corporate	15.4
Legal	0
TOTAL	163.4

Figures shown are for July 2016 (actual).

LGO's 2016/17 budget excluding capital:

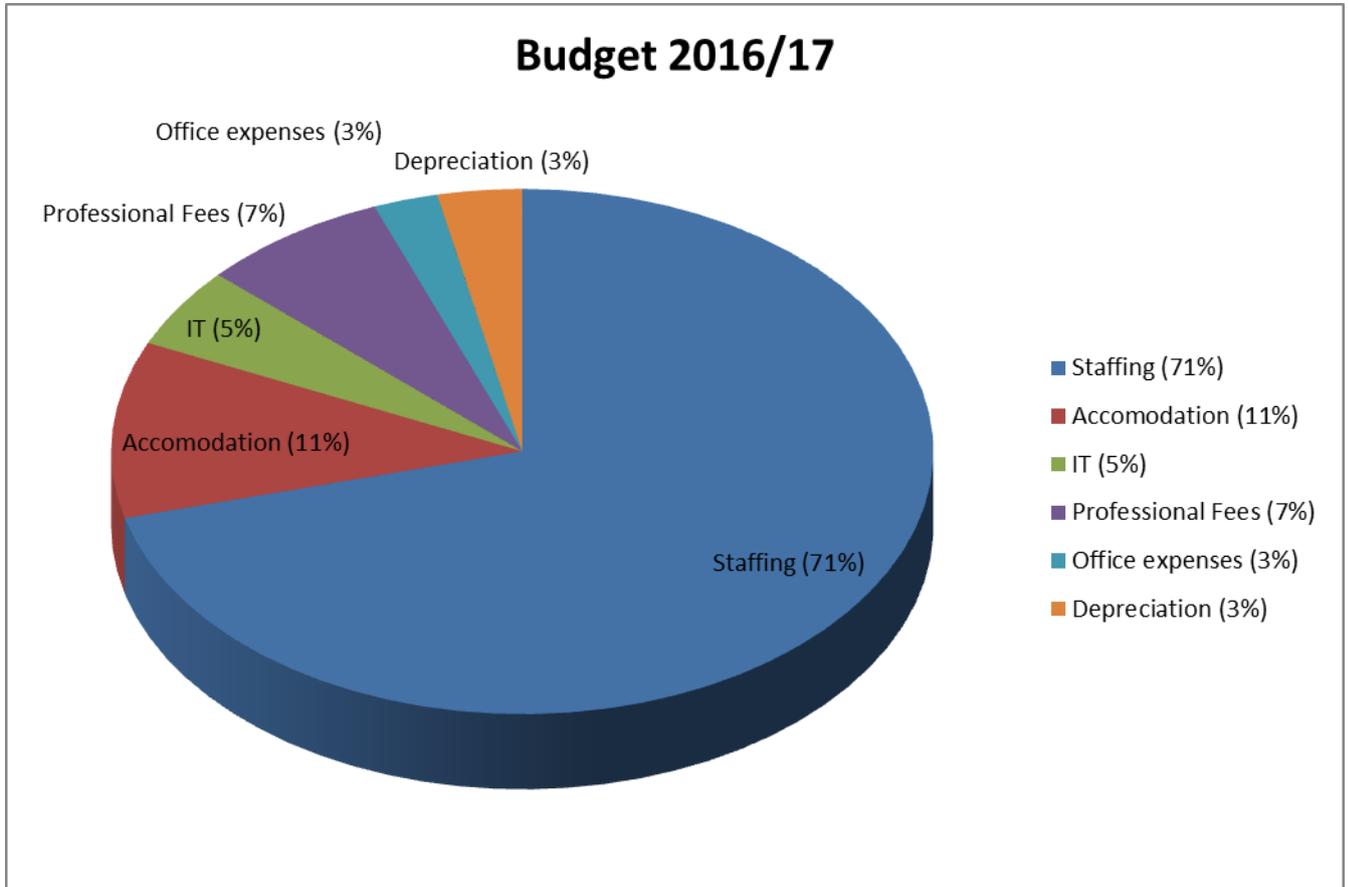
Business area	Expenditure	Proportion of total
Staffing <i>(incl. all on costs)</i>	£9,116k	(82.4%)
Accommodation	£795k	(7.2%)
Professional costs <i>(incl. legal advice, audit)</i>	£392k	(3.5%)
Office expenses <i>(incl. waste management, travel)</i>	£285k	(2.6%)
IT	£275k	(2.5%)
Depreciation	£200k	(1.8%)

LGO 2016-17 Capital Budget: £50k



- **Current allocation of PHSO resources**

The chart below illustrates PHSO’s spending profile in 2016/17:





PHSO's 2015/16 budget excluding capital:

Business area	Expenditure	Proportion of total
Staffing <i>(incl. all on costs)</i>	£23,464k	(71%)
Accommodation <i>(incl. utilities and maintenance)</i>	£3,598k	(11%)
IT <i>(incl. phones, data, computers)</i>	£1,643k	(5%)
Professional costs <i>(incl. legal advice, audit)</i>	£2,446k	(7%)
Office expenses <i>(incl. waste management, travel)</i>	£842k	(3%)
Depreciation	£1,100k	(3%)
TOTAL	£33,093k	



Appendix 4 - CSR Submission 2016/17 to 2019/20 and savings plans

Assessment of Minimum Savings Delivered through Public Ombudsman Service

30 October 2015

The CSR 2015 Submission from the LGO

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Inflated baseline	11,700	11,901	12,119	12,352	12,608
Funding Submission	11,700	10,805	11,002	11,214	11,447
Real terms reduction					1,161
Real terms reduction %					9.2%

The CSR 2015 Submission from the PHSO

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Inflated baseline	31,773	32,320	32,910	33,543	34,240
Funding Submission	31,773	31,993	31,186	28,004	25,942
Real terms reduction					8,298
Real terms reduction %					24.23%

The CSR 2015 Submission of both Organisations – the Minimum Savings to be Delivered by PSO

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Inflated baseline	43,473	44,221	45,029	45,895	46,848
Funding Submission	43,473	42,798	42,198	39,218	37,389
Real terms reduction					9,459
Real terms reduction %					20.19%

OFFICIAL



Appendix 5 – Staff costs and structure

LGO Pay Scales (as at September 2016)

Job Title	Pay range	Scale Point	Salary	
			London	Outside London
			01/01/2015	01/01/2015
Head of Assessment	57-62	57	£ 54,635	£ 51,229
Head of Policy and Comms		58	£ 55,617	£ 52,210
Head of Human Resources		59	£ 56,602	£ 53,196
Head of Finance		60	£ 57,599	£ 54,192
Assistant Ombudsman		61	£ 58,578	£ 55,171
		62	£ 59,570	£ 56,159
Customer Services Manager	51-55	51	£ 48,820	£ 45,413
IT Manager		52	£ 49,743	£ 46,333
Facilities Manager		53	£ 50,681	£ 47,271
		54	£ 51,661	£ 48,253
		55	£ 52,658	£ 49,251
Assessment Team Leader	49-52	49	£ 46,972	£ 43,571
Communications Manager		50	£ 47,898	£ 44,491
Policy and Research Manager		51	£ 48,820	£ 45,413
Professional Practice Coordinator		52	£ 49,743	£ 46,333
Joint Working Team Leader				
Investigator	38-46	38	£ 36,798	£ 33,391
		39	£ 37,874	£ 34,471
		40	£ 38,768	£ 35,360
		41	£ 39,685	£ 36,276
		42	£ 40,594	£ 37,186
		43	£ 41,511	£ 38,098
		44	£ 42,425	£ 39,018
		45	£ 43,287	£ 39,882
		46	£ 44,239	£ 40,830
Systems Administrator		35-39	35	£ 34,199
Publications Officer	36		£ 34,993	£ 31,593
HR Officer	37		£ 35,866	£ 32,459
Media and Press Officer	38		£ 36,798	£ 33,391
Information and Records Manager	39		£ 37,874	£ 34,471
Management Accountant				
Committee and Governance Clerk PA to Ombudsman				
Project Coordinator				
IT Technician	26-31	26	£ 26,952	£ 23,551
Assistant Legal Advisor		27	£ 27,718	£ 24,312
Policy and Research Analyst		28	£ 28,494	£ 25,087
Intake Team Leader		29	£ 29,461	£ 26,054
Business Support Coordinator		30	£ 30,311	£ 26,907
		31	£ 31,140	£ 27,737
HR Assistant	23-30	23	£ 24,863	£ 21,462
Team Coordinator		24	£ 25,547	£ 22,144
Executive Assistant		25	£ 26,235	£ 22,827
		26	£ 26,952	£ 23,551
		27	£ 27,718	£ 24,312
		28	£ 28,494	£ 25,087
		29	£ 29,461	£ 26,054
		30	£ 30,311	£ 26,907
Finance Assistant	19-23	19	£ 22,395	£ 18,989
Complaints Advisor		20	£ 23,064	£ 19,662
		21	£ 23,759	£ 20,357
		22	£ 24,272	£ 20,868
		23	£ 24,863	£ 21,462
Administrative Assistant	18-21	18	£ 21,732	£ 18,328
		19	£ 22,395	£ 18,989
		20	£ 23,064	£ 19,662
		21	£ 23,759	£ 20,357



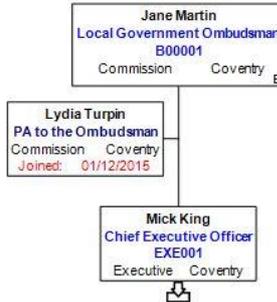
Extract from LGO Annual Report and Accounts 2015-16 for senior positions, p52, as published in July 2016

2015-16					
Name	Position	Salary £000	Benefits in kind (To nearest £100)	Pension Benefits £000	Total £000
Jane Martin	Ombudsman & Chair	135-140	-	41	180-185
Michael King*	Chief Executive	95-100	-	142	235-240
Nigel Ellis	Director of Operations	90-95	-	34	125-130
Heather Lees**	Commission Operating Officer	10-15	-	3	10-15

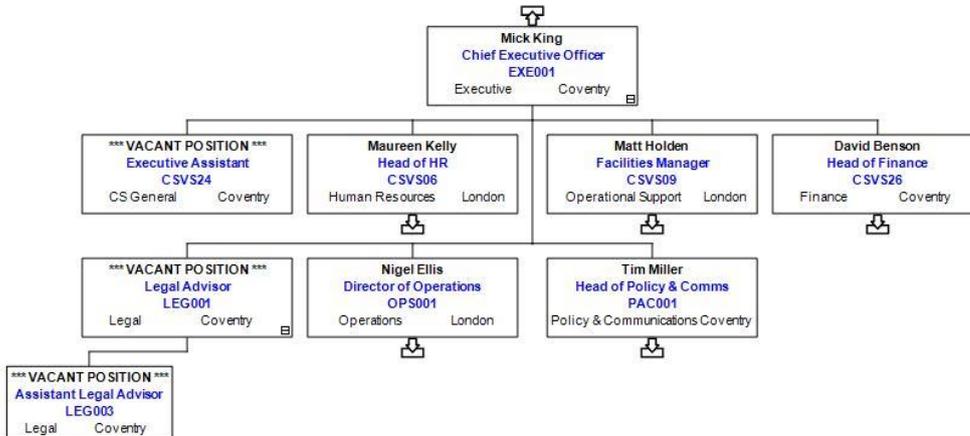


LGO Structure:

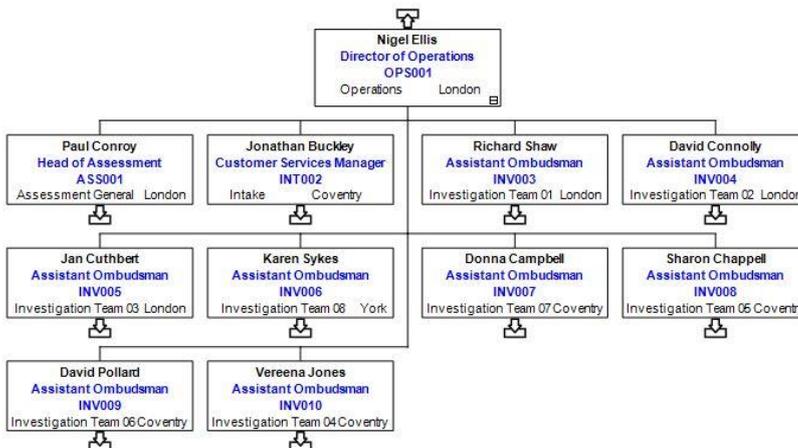
Ombudsman & Executive



Corporate & Legal Services

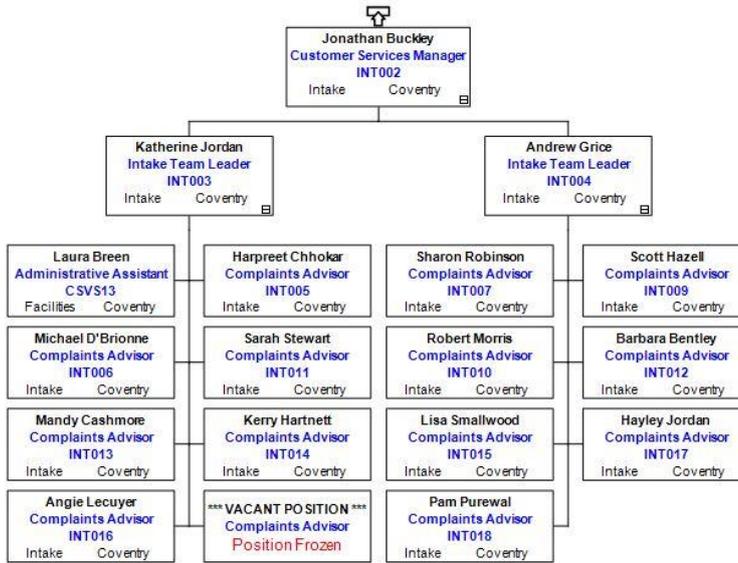


Investigation Unit

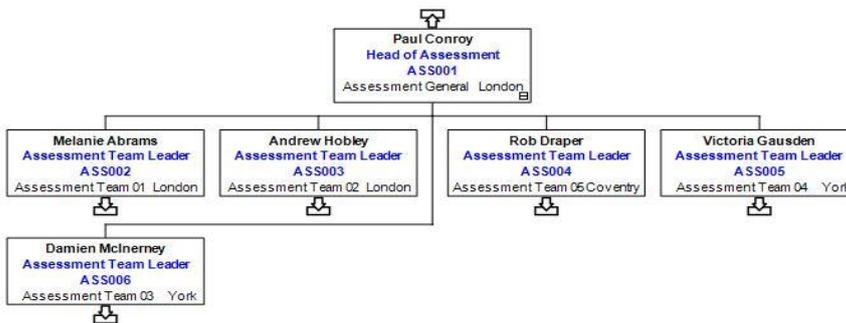




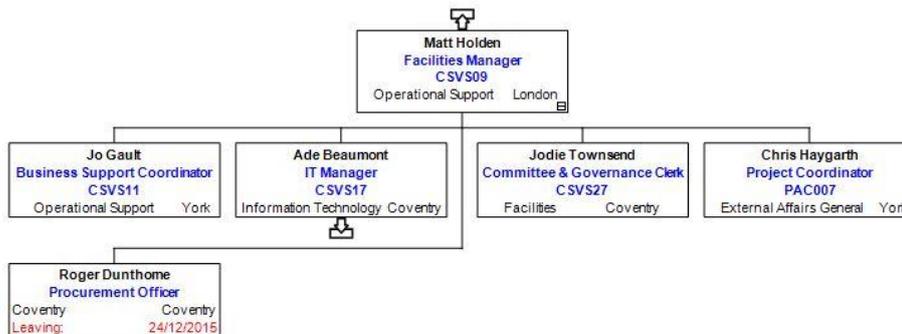
Intake Unit



Assessment Unit

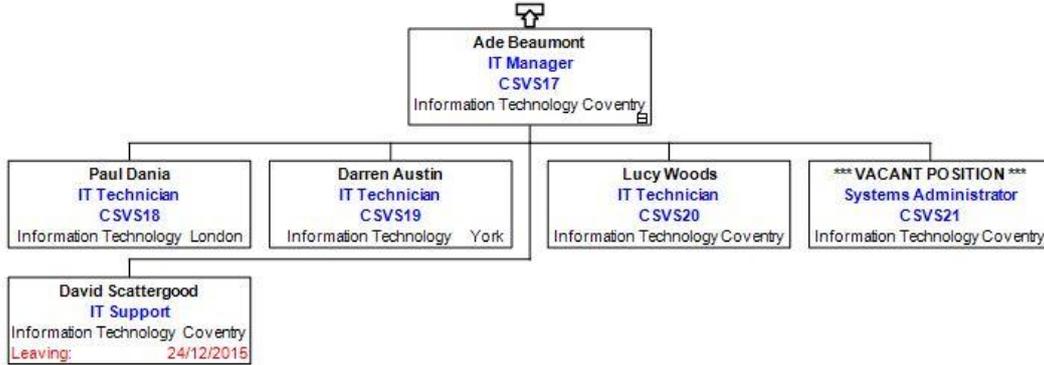


Business Operational Support





IT Support



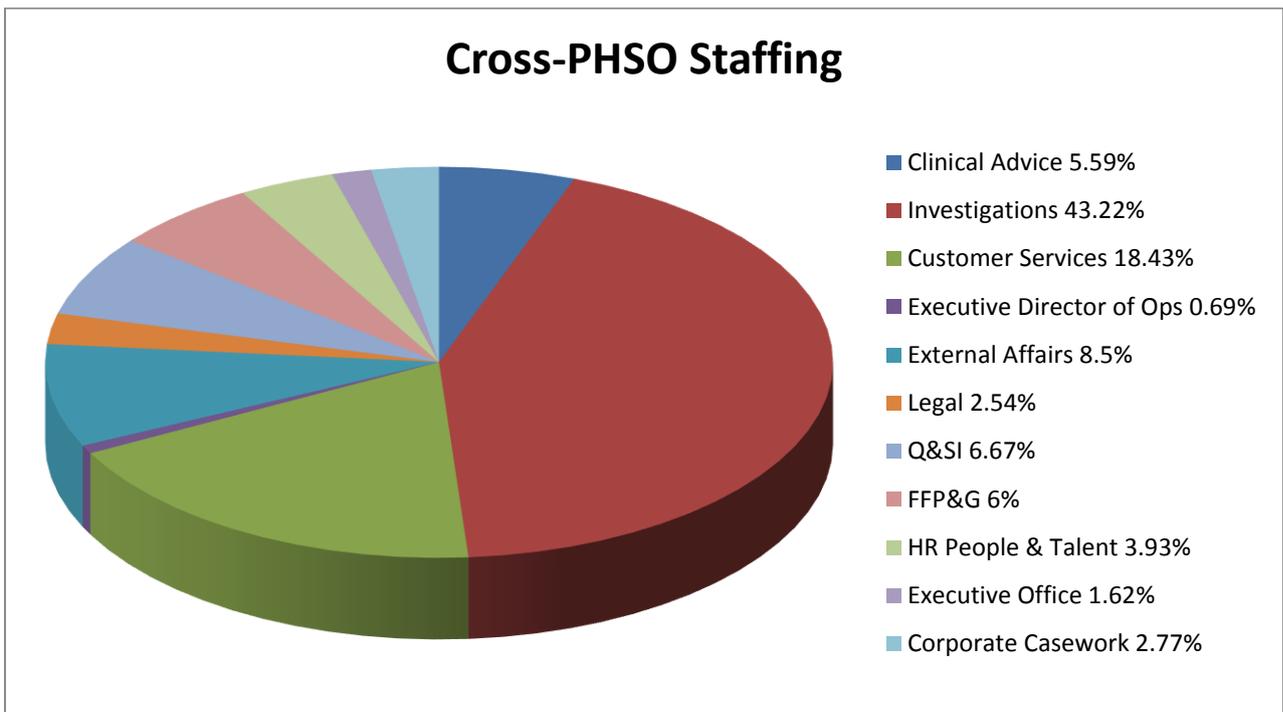
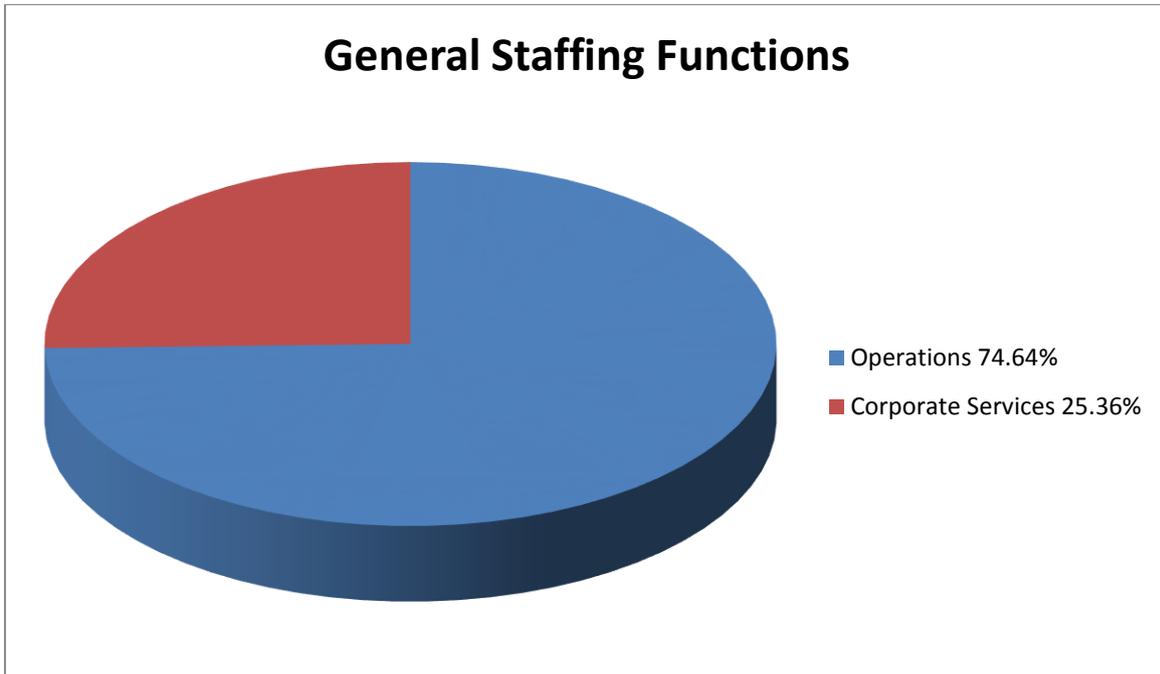
Summary of LGO functions and staffing levels (as at Appendix 3):

Ombudsman	1.0
Executive	2.0
Intake	16.2
Assessment	29.6
Investigation	89.6
Learning from Complaints	9.6
Corporate	15.4
Legal	0
TOTAL	163.4

Figures shown are for July 2016 (actual)..



PHSO functions and staffing levels:



Customer Services – Intake, Assessment & Customer Care Team
Q&SI – Quality & Service Integrity
FFP&G – Finance, Facilities, Procurement & Governance



PHSO Broad Pay Ranges

PHSO Broad pay ranges - Senior Staff

Definition	Pay Range
Executive Team Directors	£68,817 - £298,562
Directors	£55,799 - £134,100
Lead Clinicians and Clinical Advisers	£52,900 - £106,424

**The Executive Team Directors range is not subject to a regional uplift

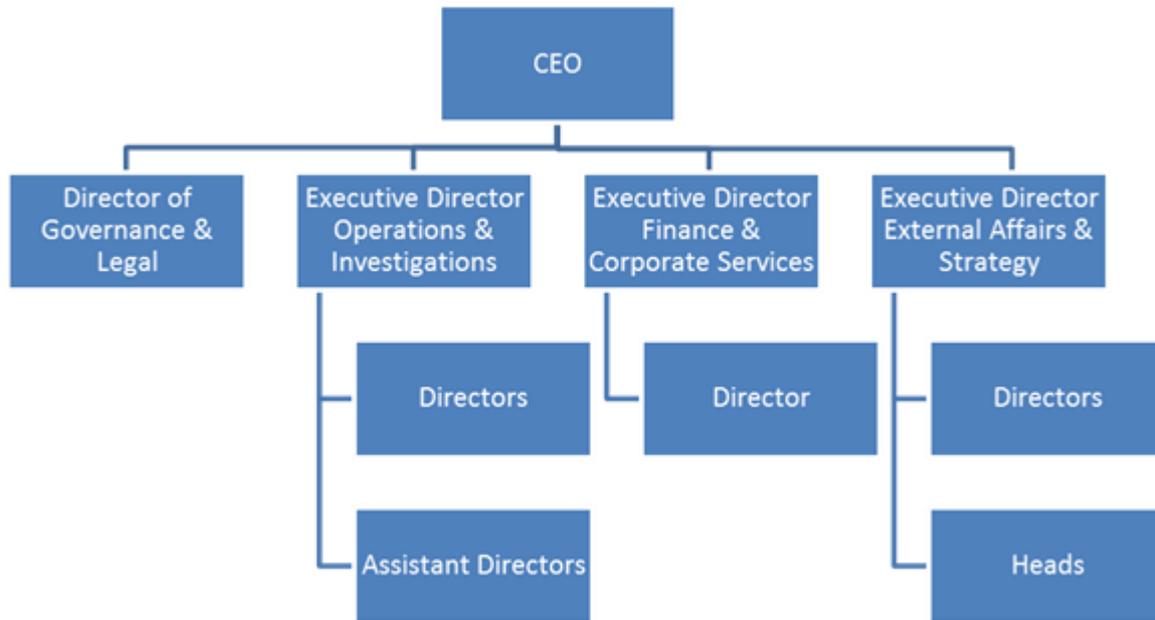
The PHSO ranges and typical roles with those ranges are as follows:

Grade	Definition	Pay Range
2	Assistant Directors/Research & Analytics Manager/Head of Digital Communications	£37,431 - £59,408
3	Investigators/Investigation Managers/Finance Manager/HR Business Partners	£29,529 - £47,728
4	Press Officer/Senior Analyst/Facilities Manager/HR Projects Officer	£21,211 - £39,099
5	MI & Systems Officer/Business Managers/Executive Assistants	£20,857 - £31,577
6	BSO's/CSO's/PA's/Internal Comms Support Assistant/Finance Assistant	£16,517 - £26,943
7	BSA's/CSA's/Service Desk Assistant	£14,628 - £24,164
8	Off-site Storage Assistant/Mailroom and Office Support	£13,928 - £18,844

*The ranges quoted are national rates without the application of the regional variances (12% - London and 3% Manchester)



PHSO Staff structure: Senior Management



PHSO Staff structure

Budgeted Establishment 2016/17

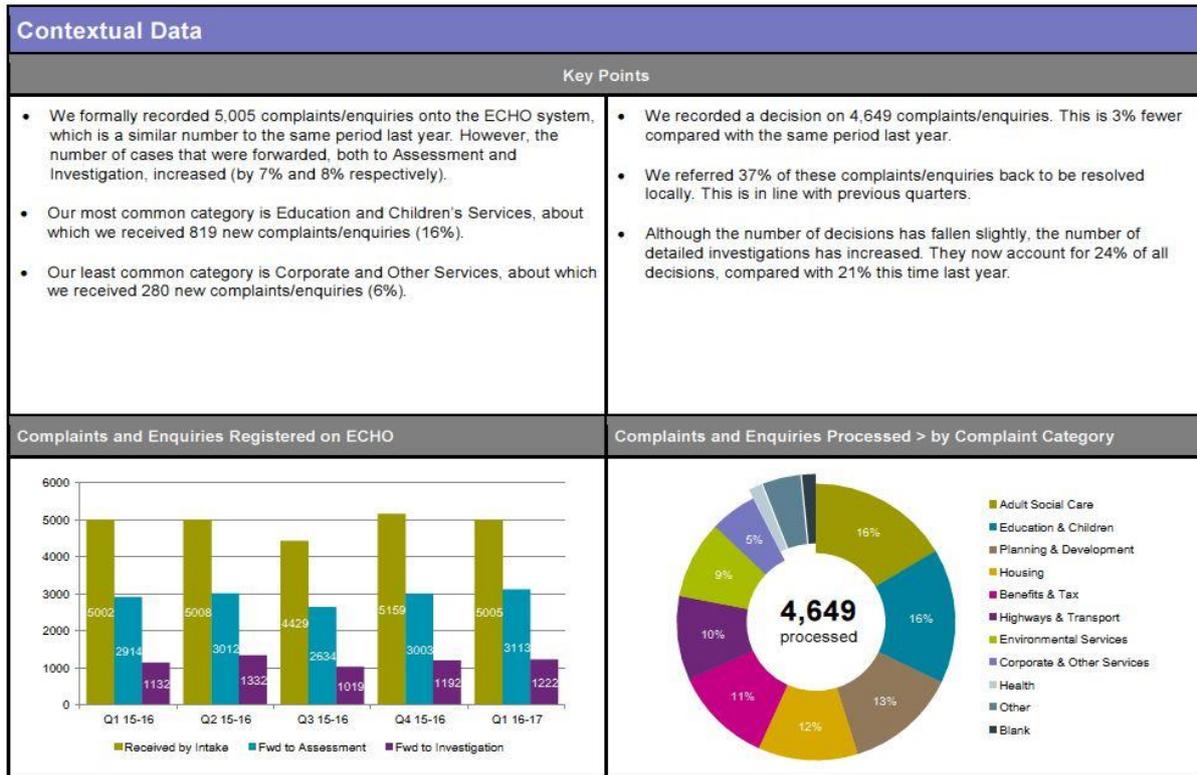
Clinical Advice	24.19	
Continuing Care & Joint Working	1	
Customer Services	85	
Estates & Procurement	14	
Exec Dir O&I	11	
Executive Office	7	
External Affairs	6	
Finance & Governance	12	
HR, People & Talent	17	
investigations	3	
Investigations (1)	30.77	
Investigations (2)	53.04	171.85
Investigations (3)	32.75	
Investigations (4)	52.29	
Legal Services	11	
Media, Marketing & Internal Comms	14	
Quality & Service Integrity	28.86	
Strategy & Insight	16.8	
Systemic Investigations	8.3	
Total	428	

OFFICIAL



Appendix 6 - Caseload and Performance Information

LGO 2016/17 (quarter 1)



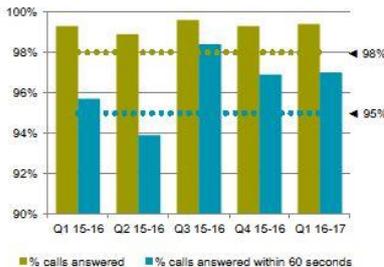


Objective 1: We provide an excellent service that is easy to find and use

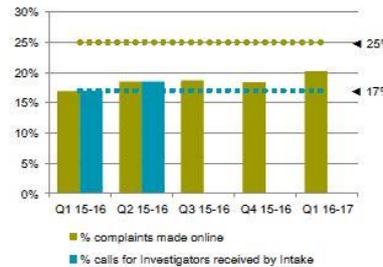
Key Points

- Call handling performance continues to consistently exceed our targets.
- The proportion of Intake's workload that is processed within 24 hours remains consistently good at 99.4%.
- We have no reliable data available for the last three quarters on the proportion of Investigators' calls that are received by Intake. We expect to resume reporting on this from next quarter.
- The proportion of complaints made online is increasing but, at 20.2%, this is significantly below our newly established target of 25%.
- Looking at unallocated cases, there is a seasonal trend but, compared to this time last year, there was a 16% increase at Assessment and a 29% decrease at Investigation.
- Overall, the proportion of cases decided or allocated within 20 working days is significantly below our target but has improved over the last two quarters.
- The number of complaints that have been open at Investigation for more than 52 weeks is at 60 after falling from last quarter.
- Overall processing speed is at or above our target at all time intervals.
- The number of complaints about us has increased and the uphold rate is high compared to previous quarters. This may relate to a change in our processes.
- Ongoing research shows that customer satisfaction overall is consistently good against our targets.

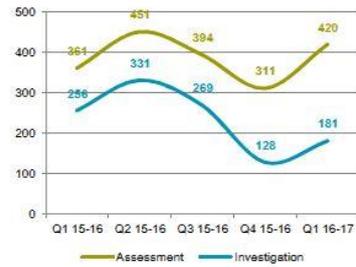
Intake > Call Handling



Method of Contact

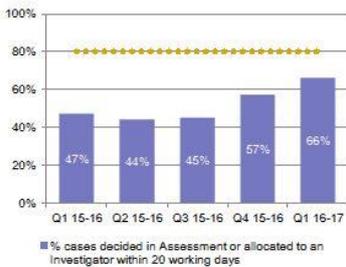


Unallocated Cases

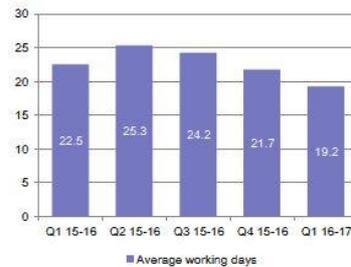


Objective 1: We provide an excellent service that is easy to find and use

Decided/allocated > First Twenty Days



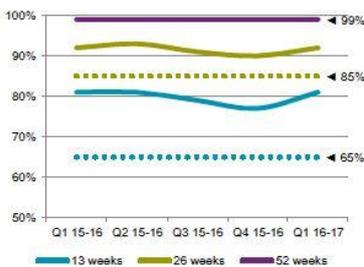
Decided/allocated > Average Time Taken



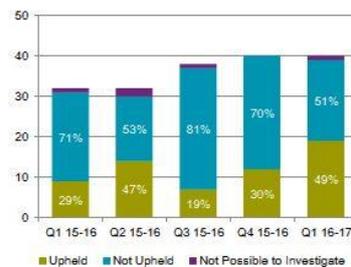
Oldest cases



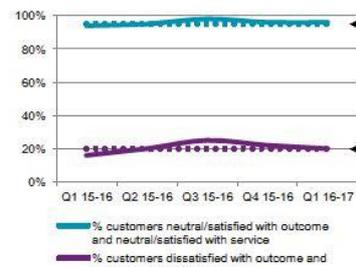
Processing Speed



Complaints About Us



Excellent Service > Satisfaction



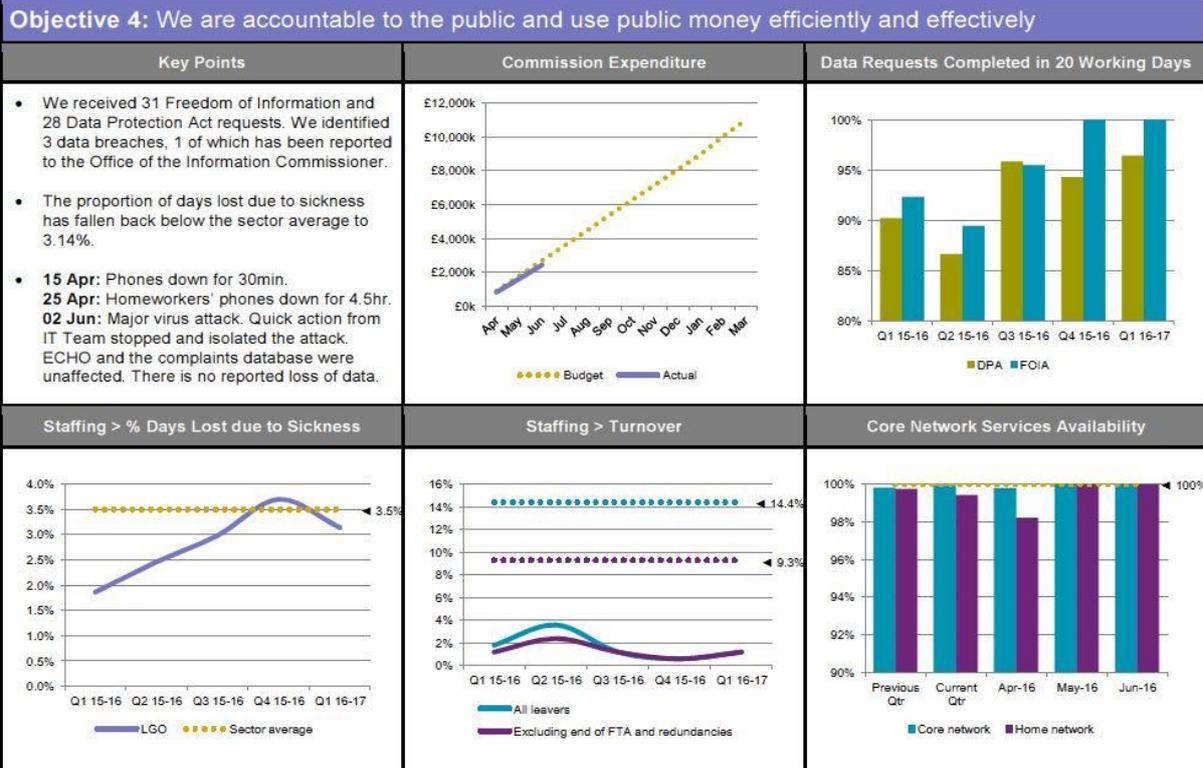


Objective 2: We deliver effective redress through impartial, rigorous and proportionate investigations

Key Points	Decision Quality > Satisfaction	Decision Quality > Review Requests
<ul style="list-style-type: none"> We received 239 review requests. This is 23% less than the same period last year. The uphold rate (6%) is consistent with previous quarters. Based on our monitoring of randomly selected decision statements, the proportion found to be reasonable and defensible in all respects continues to increase. The proportion of investigations where we uphold remains broadly unchanged. 		
Decision Quality > Quality Checks	Effective Redress > Remedies Achieved	Detailed Investigations > by Outcome
	<p>We will start reporting on this new measure from Quarter 3 onwards.</p>	

Objective 3: We use what we learn from complaints to improve local public services

Key Points	Improving Services > Courses Delivered	Developing Impact > Trend Analysis
<ul style="list-style-type: none"> We delivered 12 training courses, which were attended by 169 delegates. This is in line with our forecast. We published 8 public interest reports this quarter. That includes 1 Adverse Findings Notice against a private social care provider. This is higher than this time last year but has not translated into higher media coverage. This could be due to the pre-election "purdah" period in this quarter. Given the scale of variation across the year, media coverage is at a similar level compared to the same period last year. A greater proportion is positive towards LGO (38%). 		<ul style="list-style-type: none"> Our new Casework Impact Group has reviewed an analysis of school transport and special educational needs (SEN) complaints. Based on our statistics, case experience and the external policy context, we will explore this as a potential focus report. We are also looking at the transition from SEN statements to the newer Education, Health and Care Plans, with a view to producing a focus report. We are currently upholding 71% of these complaints.
Improving Services > Publications	Improving Services > Media Coverage	Improving Services > Media Coverage
<ul style="list-style-type: none"> There have been no inquiries or consultations in this quarter which required us to contribute or respond. Again, this may have been influenced by "purdah". 		





PHSO

2016/17 Quarter 1 Performance

1 We will make it easier for people to find and use our service.

Indicator of success 1.1) Increased awareness and understanding of our role							
Performance Measure	Baseline in Strategic Plan		2014/15			2015/16	Status
Measure of awareness of PHSO	19% overall level of awareness in at the end of 2013/2014		22% overall level of awareness at the end of 2014/2015			18% †	◆
Contact volume – numbers of enquiries created NB. Total figure includes cases/organisations, figures in month are number of organisations.	Our performance in 2015/16		2016/17 Cumulative Total			June 2016	Status
	2015/16 Total 28,896/ 31,305	By 30 June 2015 6,741/ 7,294	7,817/8,388 (16.0% on 15/16)	Mar 2016 3,061/ 3,251	Apr 2016 2,718/ 2,935	May 2016 2,388/ 2,575	2,711/ 2,878

Indicator of success 1.2) Improved service user feedback on overall satisfaction with our services*			
Performance Measure	Baseline 2013-14	Annual Service User feedback survey results	Status
Level of satisfaction of service user for enquiries	69%	TBC	◆
Level of satisfaction of service user for investigations	67%	TBC	◆

Note

* TBC – measures will be reported annually only.
** Channel shift data is at case level
† Report to be provided to ET under separate cover

Contact volume figures for 2015/16 are still being verified and therefore might be subject to minor amendment in next months report

Channels Shift data** – how customers access our services							
Channel	Baseline - Apr 2015		May 2016		June 2016		Movement
Email	379	18.1%	279	11.7%	277	10.2%	↓
Online	145	6.9%	115	4.8%	193	7.1%	↑
Telephone	960	45.7%	1,093	45.8%	1,355	50.0%	↑
Paper	615	29.3%	901	37.7%	886	32.7%	↓
Total	2,099		2,388		2,711		↑
Digital take up (% of complaints)	16%		11%		18%		↑
Digital completion rate	72%		93%		99%		↑
Satisfaction with online form	79%		NA		72%		



2

We will help more people by resolving and investigating more complaints and providing an excellent customer service for everyone who contacts us.

Quality Standard	RAG status	Explanation for why		Link to improvement plan and status (High, medium, low)
		Customer Satisfaction	Sampling	
1. We explain the information we need from everyone and consider what we receive without being asked.	🟡	Our customer satisfaction rose in this area. 36% of complainants feel that decisions made are objective and fair.	Gathering all relevant evidence and for all parties understanding what information we need. (M1 Q1) 90% - Green; 17% - Amber; 3% - Red Inform Organisations and Complainant of Scope (M1 Q2) Organisation 88% - Green; 13% - Amber; 20% - Red. Complainant 88% - Green; 4% - Amber; 8% - Red (M1 Q1) Shared developing findings Organisation 21% - Green; 23% - Amber; 56% - Red. Complainant 32% - Green; 30% - Amber; 38% - Red	High - links to priority themes: communication throughout We know customer satisfaction is linked to the decision we make, so look to improve customer satisfaction in cases we do not optify by focusing on our communication.
2. We will clearly explain our decisions being supported about the information, evidence and standards we used.	🟢	Our customer satisfaction rose in cases we did not uphold. PWSO explained the reasons behind its decision 47% for successful 80% for fully upheld. PWSO provided evidence to support its decisions 93% for successful 80% for fully upheld.	(M1 Q1) Our final reports can be clearly understood and had a clear decision 97% - Green; 1.8% - Amber; 1.8% - Red (M1 Q1) % of the final report or cover letter clearly explained the results of our consideration of the draft comments? 43% - Green; 55% - Amber (M1 Q1) % of the final report or cover letter clearly explained the results of our consideration of the draft comments? 69% - Green; 19% - Amber; 3% - Red; 9% - N/A	High - links to actions around all of our priority themes: communication throughout and draft and final report.
3. We will communicate that the comments and evidence we reviewed are appropriate and transparent.	🟢	81% agreed it was clear how your comments on the draft report were used (in discussion with someone in a central office here)	(M1 Q2) Is the proposed remedy proportionate and consistent with similar cases evidenced by a precedent or remedy check, or information from the history of inquiries? 28% - Green; 6% - Amber; 3% - Red; 63% - N/A (M1 Q1) % of the final report or cover letter clearly explained the results of our consideration of the draft comments? 69% - Green; 19% - Amber; 3% - Red; 9% - N/A	High - links to priority themes: communication throughout We ensure 95.9% of remedies where compliance action was concluded being the final, ensuring compliance on 1728 out of 1798 remedies. We need to improve consistency in the remedies and outcomes we propose and manage expectations of what we can achieve.
4. Our service is easily accessible - and our flexibility and openness to the needs of everyone using our service.	🟢	76% satisfied with form of communication they had with PWSO 23% would have preferred different form of communication	(Date for investigation) only M1 Q1 we contacted the customer by their preference or by telephone if no preference. 90% - Green; 17% - Amber; 3% - Red We need to be considering reasonable adjustments in 5% of cases at intake (M1 Q1) or at assessment (M1 Q2). Central sampling (Green - 86%, Red 2%, and 6% at Live Manager sampling (70% Green).	High Where we do not consider reasonable adjustments we are failing to provide a good customer experience.
5. We explain our role, how we work and what complainant can expect from us. If we cannot help, where appropriate we will provide guidance on who else	🟢	73% agreed PWSO clearly explained what it can and cannot do. 76% feel PWSO gave useful advice on how to take the complaint forward.	(M1 Q1) % ensured that the complainant was contacted (by telephone unless not appropriate) to explain the investigation process - including likely timeframe, and agreed how and how often updates will be provided 90% - Green; 17% - Amber; 3% - Red	High - links to actions around all of our priority themes: communication throughout (N/A). No current data on interaction with organisations.



2 We will help more people by resolving and investigating more complaints and providing an excellent customer service for everyone who contacts us.

Quality Standard	RAG status	Expectation for why		Link to improvement plan and status (High, medium, low)
		Customer Satisfaction	Sampling	
5 - We have carefully reviewed our operational standards and updated processes.	Green	37% agree Investigation has covered most important aspects of the complaint (20% not upheld, 88% fully upheld)	MS Q10 (Call report preparation) & clearly explained - 87% - Green, 13% - Amber, 0.2% - Red MS Q12 (Call covers scope issues) 87% - Green, 2% - Amber MS Q11 (Call report clearly explains findings and reasons for them) 100% - Green	High - links to actions potential of our priority themes, communication throughout and staff and final report
7 - We will work closely to a process and timely way - keeping everyone updated throughout	Green	31. Red - 87% agree PHOD informed them of delays 32. Red - 87% agree lower status case as expected or higher at all stages 87% agree PHOD kept them informed and update	(M1 Q2) plan with target dates for key activities & timeline (87% Green, 9% Amber, 10% Red) (Assessment) Q17 clear explanation of our decision sent to all parties - Central Sampling - 88% Green, 10 Amber, 2% Red Line manager sampling 90% - Green, 8% - Amber, 2% - Red	High - links to communication throughout priority area Although there is significant improvement to our waiting times, there are still few customer satisfaction ratings in this area specific to offering complaints of delays and keeping them informed.
8 - We will keep accurate records and keep information safe.	Green	No customer satisfaction data	No critical breaches of information security	No rating at this time.
9 - We listen to feedback, acknowledge and apologise, to any remaining issues we will listen from them - taking action to get things right.	Green	86% of complaints we receive are closed our decision	86% of complaints about our service and decisions are resolved by the CCT, the other 8% are sent for review 220 decisions have been reviewed YTD resulting in 15 being upheld, (6.7% of reviews and 3.1% upheld cases)	Low This demonstrates we are making sound decisions. By focusing on our priority areas, communication throughout and staff and final report, we hope to be able to reduce the number of complaints about our decision and service.
10 - We will work everyone with courtesy and respect.	Green	Green - 87% agree PHOD polite & considerate Amber - 67% agree PHOD staff sympathetic	Sampling criteria being developed around this area - some dependency on call recording.	Medium Developing our dealing with difficult contact training and looking at how we can provide additional support.

2 We will help more people by resolving and investigating more complaints and providing an excellent customer service for everyone who contacts us.

Throughput for concluded assessments and investigations from receipt into the Office - Business as usual (excluding Complex, JW and Project)**									
	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD	
13 weeks	Tgt	65%	65%	65%	65%	65%	65%	65%	65%
	Act	58%	61%	60%	65%	72%	68%	73%	70%
26 weeks	Tgt	85%	85%	85%	85%	85%	85%	85%	85%
	Act	66%	71%	78%	82%	89%	82%	89%	87%
52 weeks	Tgt	98%	98%	98%	98%	98%	98%	98%	98%
	Act	98%	97%	97%	93%	96%	98%	98%	98%

Project Team Cases concluded								
Assessments	Dec	Jan	Feb	Mar	Apr	May	Jun	Cumulative to 30 June 2016
Target	200	350	350	350	350	350	350	2,700
Actual concluded	363	319	386	293	241	214	137	2,308
Investigations	Dec	Jan	Feb	Mar	Apr	May	Jun	Cumulative to 30 June 2016
Target	50	100	150	150	150	150	150	920
Actual concluded	41	81	81	108	72	81	99	592

Head of work*		
Business as usual (excluding Complex, Joint Working and Project Team)**		
	Target (max. desired level)	Actual
Intake	100	166
Assessment	50	203
Investigation	288	598

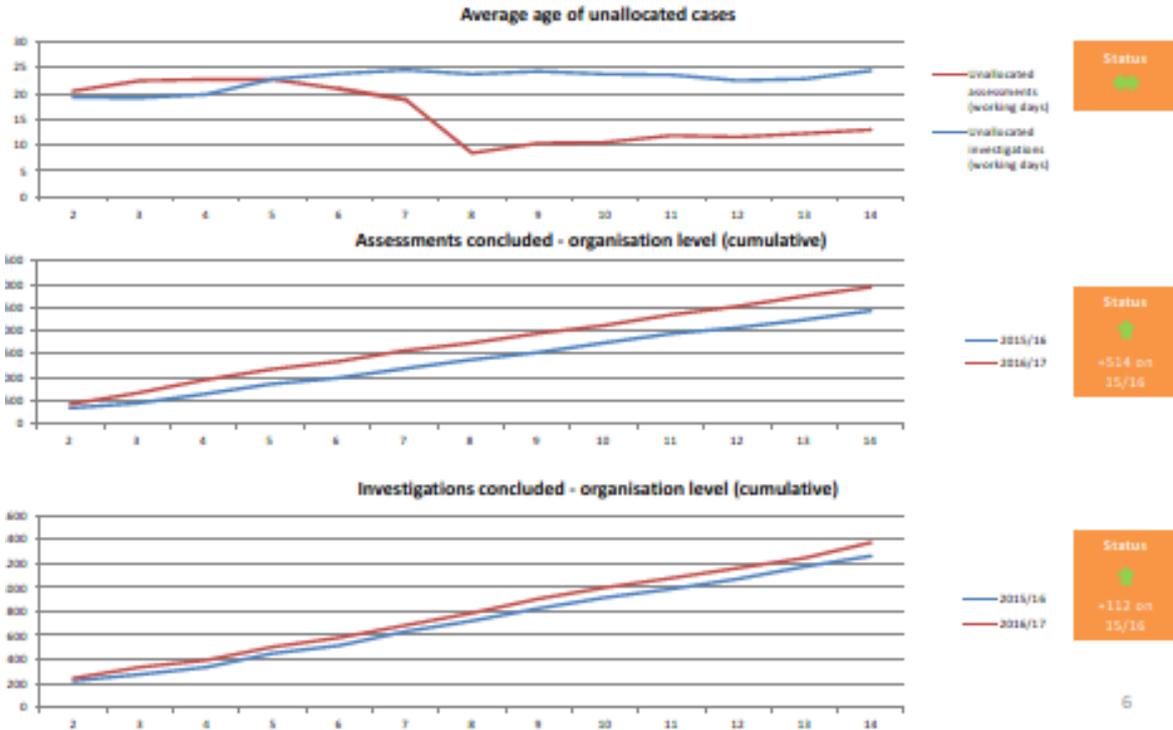
*Volume used represent 24-48hrs (intake), 1 days work (assessment), 3-4 weeks work (investigation) - i.e. the anticipated head of work the operation should always have in the pipeline.

**Project team cases are reported in separate table above. Complex cases are excluded from figures in this table as they are small in number and are not representative of general performance.



2 We will help more people by resolving and investigating more complaints and providing an excellent customer service for everyone who contacts us.

Performance Measure – Age of cases and volume flight paths - shows performance in the year, showing previous year (where possible) as an indicator of where we have improved or may need to focus our attention. (Data is shown by week numbers.)





2 We will help more people by resolving and investigating more complaints and providing an excellent customer service for everyone who contacts us.

Milestone tracker comparison – closed investigations
This table shows the average days from one milestone stage to another (standard case), showing case volumes, comparing pre and post Service Model implementation.

	Milestone Stage →	Allocated to confirmed	Confirmed to evidence requested	Evidence requested to evidence received	Evidence received to draft report issued	Draft report issued to closure	Total Days since allocated (target of 91)
Pre Service Model – allocation Apr-Jul 15 <i>(sample for benchmarking purposes - to measure changes/improvements)</i>	No. of cases per milestone stage	288	235	203	153	86	
	Average days per stage	58	29	62	41	26	155
Post Service Model – allocation: Aug-May 16	No. of cases per milestone stage	2,176	1,232	1,563	1,556	2,068	2,413
	Average days per stage	25	23	35	17	26	100
+/- in average days since Service Model implementation		-33	-6	-27	-24	0	-55

Note
The number of cases in each milestone stage vary, and do not add up to the total number of investigations closed, as the milestones have not been recorded on all cases. The numbers shown for the average days per stage are therefore only indicative and are not a truly accurate representation of performance.



3 We will make public services better by working with others to share what we learn from complaints. (NOTE: New targets TBC)

4 We will work with others to make it easier to complain about public services and to help public services resolve complaints better. (NOTE: New targets TBC)

Indicator of success
3.1 & 4.1) Evidence of increasing impact, in the eyes of the organisations in our jurisdiction and our other stakeholders, of how we work with others to make the complaints system better

Performance Measure	2014 Baseline	What does success look like in 2015?	2015/16 results from Annual Stakeholder Survey	Status
Targets from Annual Stakeholder survey	1 in 5 stakeholders view PHSO as slow and bureaucratic	Fewer than 1 in 8 stakeholders view PHSO as slow and bureaucratic	Not yet available	◆
	5 out of 10 stakeholders view PHSO positively	7 out of 10 view PHSO positively		◆
	1 in 8 stakeholders say PHSO's contact has improved in the last 12 months	4 out of 10 say contact has improved		◆

3.2) Evidence of change resulting from influencing programmes

Performance Measure	Performance in 2014/15	2015/16 Target	2015/16 actual	Status
Big and Repeated mistakes reports	0	6 report	ALMOST MET (5): 1. Dying without dignity report 2. Annual acute health trusts report 3. Older people report 4. Complaints about government depts. and agencies 5. Dental charges report	◆
Systemic investigations	Not available	1 investigation	MET - NHS clinical incidents report	◆

NOTE: In addition we have had three parliamentary inquiries about our work including end of life care, clinical incidents and HSI. We have also provided evidence to Parliament on the Equality Act and given evidence to the Expert Advisory Group for HSIB. Government has also committed to legislate to improve patient safety following our report on midwifery supervision and regulation

4.2) Progress with delivery of long-term ombudsman reform agenda

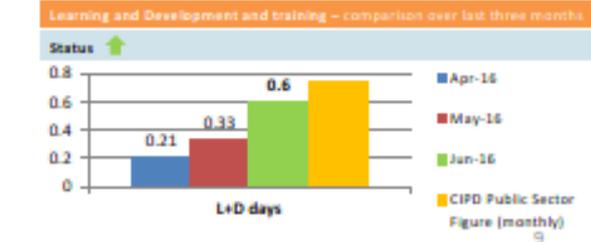
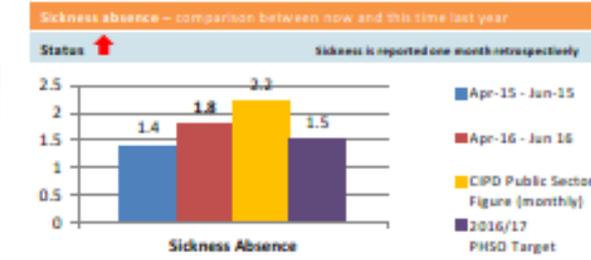
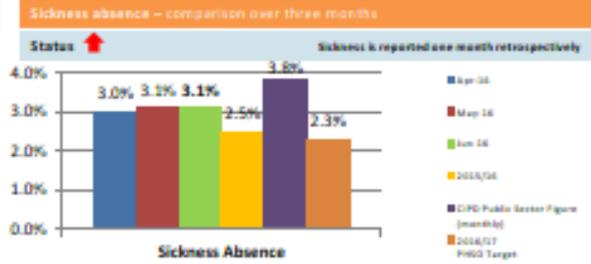
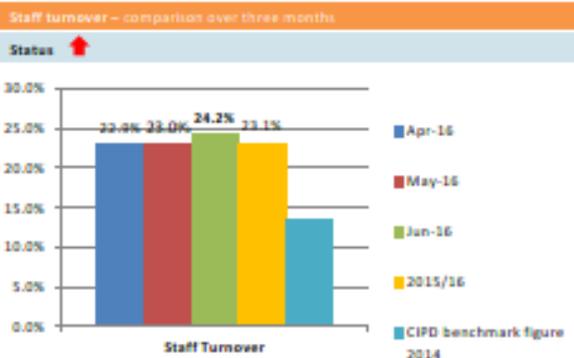
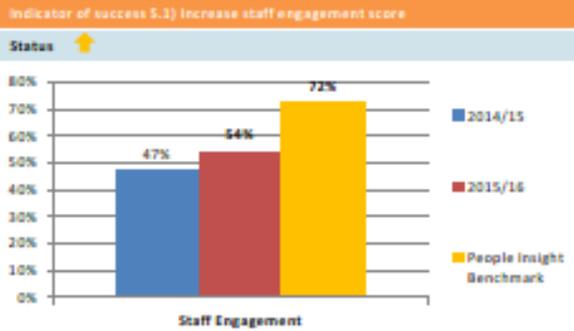
Performance Measure	Performance	Status
New legislation is a commitment in the Queen's Speech	Commitment given May 2015; Cabinet Office published policy proposals December 2015	◆

4.3) More people think complaining makes a difference

Performance Measure	Baseline	Annual Omnibus survey 2015	Status
More people think complaining makes a difference – Annual Omnibus survey	4 out of 10 in 2014 thought complaining made a difference	4 out of 10 in 2015 thought complaining made a difference	◆ 8



5 We will make sure our organisation works well to help us achieve our aims





5 We will make sure our organisation works well to help us achieve our aims

Indicator of success
5.2] Overall control framework, governance and risk management arrangements are appropriate to our needs – refer to Governance section on the Corporate Score Card for more measures

Performance Measure	Target	Our performance in 2015/16	2015/16	Status
Annual Governance statement approved	Agreed by Board in March 20-16 to lay October 2016	Target not achieved (by Summer recess)	Nov 2015 sign off	◆

Meetings and Committees governance for 2016/17

Board and committee papers sent within 5 working days of meeting date TARGET: 100%	68% (at end June)
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Indicator of success
5.3] Meet financial performance standards [Figures for end P2 2016]

Cash at Bank	Target: i. Not overdrawn on any day in the month	◆	
	Target: ii. Does not fall below £100k at month end	◆	
Control Totals End of May 2016	Control Total £	Forecast £	Variance £ Over/(Under)
RDEL	31,993,000	31,510,282	(482,718)
Capital	700,000	90,000	(610,000)
Cash	32,693,000	32,267,289	425,711 (in credit)
AME	-950,000	-1,452,948	(-502,948)
Annual Accounts	Target: Approved without qualification	Actual: TBC	◆



Appendix 7 - The governance arrangements and associated costs

LGO

The following information outlines the governance related bodies for the LGO. It notes who attends the meetings, their frequency and the associated costs where they are available.

Local Government Ombudsman Governance

The Local Government Ombudsman operates with three specific committees; these are supported by a number of internal management committees. The three committees are:

- Commission for Local Administration in England (often referred to as the Commission);
- Audit and Risk Assurance Committee; and
- Remuneration Committee.

The Commission for Local Administration in England (CLAE)

The Commission for Local Administration in England (CLAE) is often referred to as the Commission. The members of the Commission are:

- Dr Jane Martin (Chair since April 2012 and Local Government Ombudsman)
- Dame Julie Mellor (Parliamentary & Health Service Commissioner)

Meetings of the Commission take place at the Local Government Ombudsman offices in Earlsdon Park, Coventry.

The Commission meets quarterly but can meet more often if business requires it to; the Commission will publish the dates for its meetings each year.

Members of the Commission are assisted by two independent advisory members who are also the Chairs of the CLAE Audit Committee and Remuneration Committee, these independent members are appointed by the Commission following an advertising and selection process.

The Independent Members are Sir Jon Shortridge and David Liggins.

The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee consists of 5 members, they are:

- Sir Jon Shortridge (Chair and Independent Member)
- David Liggins (Independent Member)
- Dame Julie Mellor (Parliamentary & Health Service Commissioner)



- Dr Jane Martin (Chair of CLAE)
- Mick King (Chief Executive of the Local Government Ombudsman)

The Audit and Risk Assurance Committee meets four times a year, but it may also be convened at any other time at the discretion of the Chair. Meetings take place at the Local Government Ombudsman offices in Coventry.

The Remuneration Committee

The Remuneration Committee consists of the two independent members (who also serve on the Audit and Risk Assurance Committee and who are non-executive members of the Commission. One of the independent members should have expertise in the field of remuneration and will be appointed to serve as the Committee Chair) plus the Chair of the Commission is also a member of the Committee.

The Remuneration Committee meets twice a year, but it may also be convened at any other time at the discretion of the Chair.

In addition to the Commission, Audit and Risk Assurance Committee and Remuneration Committee the Local Government Ombudsman has a number of internal management committees that oversee internal governance; the management of the organisation and the delivery and development of its core business and the service that it provides.

In addition, the Commission has joint committees with PHSO, these are as follows:

LGO Governance Costs

Governance Costs - Estimate

		<u>£ per annum</u>
	<i>50% of Ombudsman, including Employer's NIC/pension</i>	86,520
	<i>Governance and Committee Clerk, incl. NIC/pension</i>	38,059
	Non Execs costs	11,705
Meeting costs	printing 20%	3,000
	catering (estimate)	1,000
Training	Scarman House 20%	1,040



NAO audit fees	31,000
GIAA audit fees	18,650
Estimated Annual Governance costs	<u>190,974</u>



PHSO

PHSO governance arrangements

At the end of the 2014-15 business year (the second year of our five-year strategic plan), the Board was made up of eight members: the Chair, four non-executive, and three executive members. Three new Board members were recruited at the end of 2014-15.

Two non-executive directors were appointed with experience in consumer advocacy, complaints and health. A permanent appointment was made to the new role of Executive Director Finance and Governance, reflecting our focus on these issues at Board level. We have further strengthened the Audit Committee through the appointment of an independent Audit Committee member.

The Board is of the view that its members have an appropriate and diverse mix of skills, experience and qualities to carry out its duties effectively. The Board is supported by four committees.

The Ombudsman chairs the Board and is the Accounting Officer. The respective roles of the Board and its committees, Ombudsman, Managing Director and Deputy Ombudsman are described diagrammatically below and in more detail on the next page.

The Board

Responsible for:

- Leadership, performance scrutiny, risk and governance, the preservation and building of public confidence.

Matters reserved for the Board include:

- Vision, mission, strategy and key policies
- Annual business plan and budget
- Annual report and accounts
- External expenditure above £100k.

Audit Committee

Responsible for:

- Providing assurance to the Board based on the work of external and internal audit
- Financial reporting
- Internal financial controls
- Assurance of risk management processes.

Remuneration and Nominations Committee

Responsible for:

OFFICIAL



- Reviewing and agreeing Executive Director pay and performance review arrangements, including criteria for any performance related pay elements
- Confirming appointments and remuneration of PHSO Board members
- Determining the skills needed for the PHSO Board.

Quality Committee

Responsible for providing assurance to the Board that:

- Appropriate quality assurance mechanisms are in place
- Quality reporting to the Board is accurate
- Plans are in place to address any gaps identified, and to maintain and improve levels of quality reported.

Convergence Committee

Responsible for:

- Overseeing convergence work that takes place between the Parliamentary and Health Service Ombudsman and the Local Government Ombudsman, and making recommendations to both boards as needed.

The Chair

Responsible for:

- Leadership of the Board
- Speaking on behalf of the organisation
- Making judgements on behalf of the Board between meetings
- Reflecting the Ombudsman's statutory accountability, the post holder has the right to disagree with the Board's decisions, but will do so as a last resort and put their reasons in writing to the Board.

Accounting Officer

Responsible for:

- Accountability to Parliament, for stewardship of resources within our control through good governance, quality decision-making and good financial management
- Personal responsibility for regularity and propriety, programme appraisal, affordability and sustainability, value for money, management of opportunity and risk, learning from experience, and accounting for financial position and transactions.

These accountabilities are discharged through assurance via the Managing Director (the Accountable Officer) and through Board and Audit Committee assurance and challenge.



Ombudsman

Responsible for:

- Making final decisions on cases under our delegation scheme
- Making final decisions on recommendations where we identify big or repeated mistakes
- Speaking on behalf of the organisation on case decisions and leading relationships with those we seek to influence.

Executive leadership is delegated to the Managing Director and Deputy Ombudsman.

Managing Director and Deputy Ombudsman

Accountable to the Board for:

- Leadership of the organisation
- Development and execution of the business plan
- Delivery of service and quality
- Leading relationships with operational stakeholders
- As Accountable Officer, assuring the Accounting Officer regarding effective operations and high standards of probity in the management of public funds, and making sure that the Accounting Officer can meet the personal requirements of the role
- Making final decisions on cases under our delegation scheme.

Cost of Board structure 2016/17

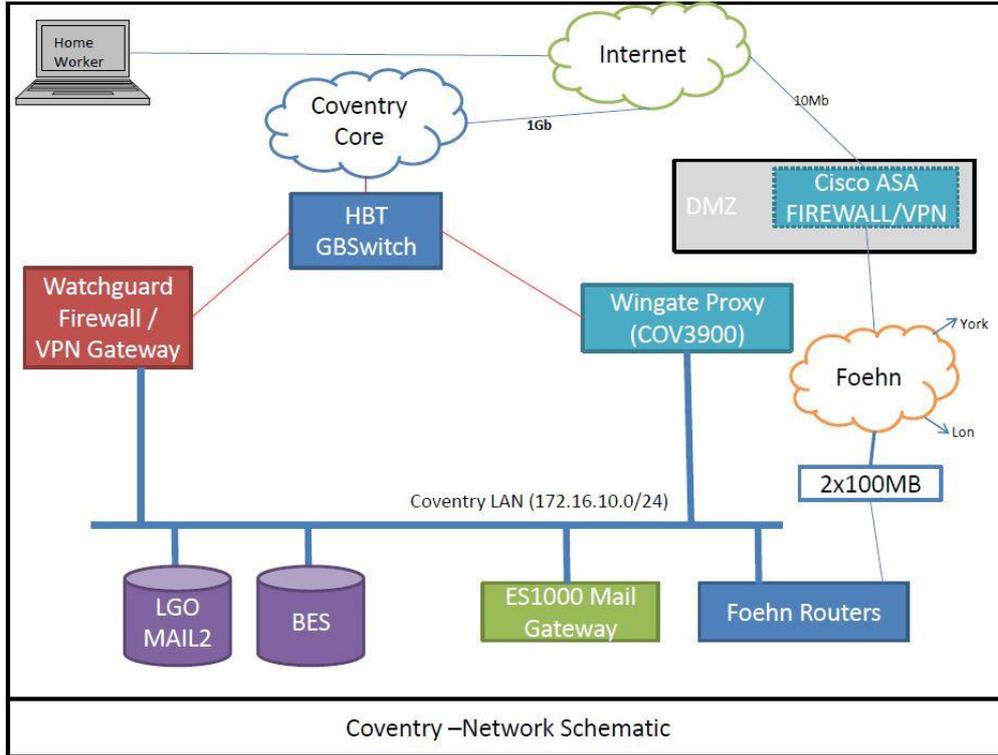
Ombudsman salary	£187k
Non-Executive Directors	£70k
TOTAL	£257k



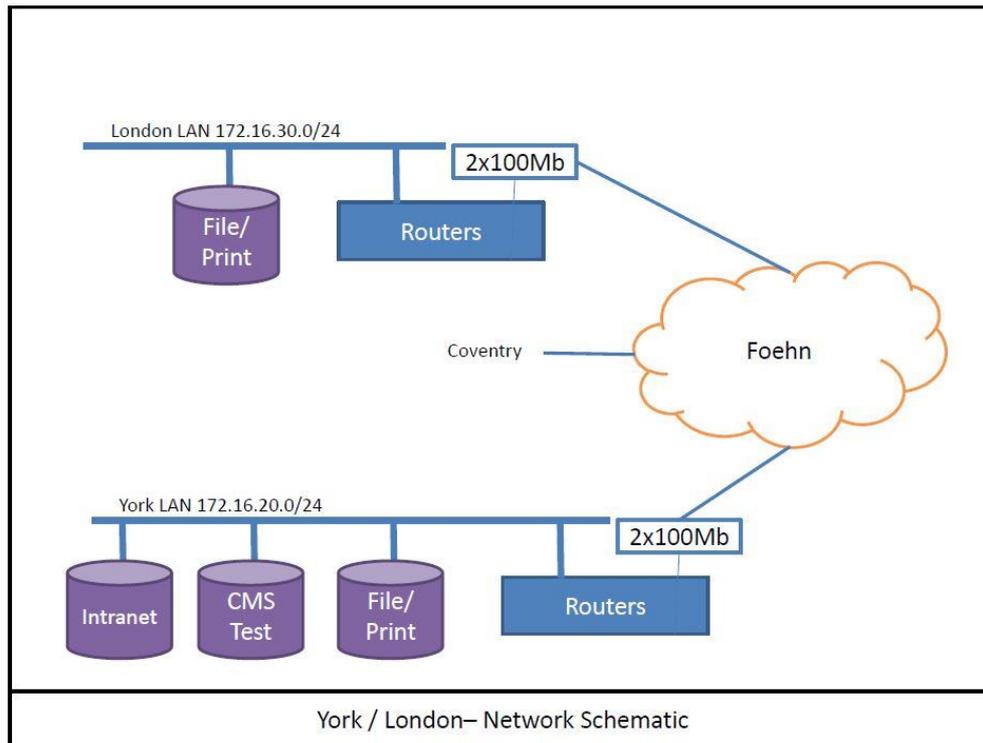
Appendix 8 - ICT infrastructure and costs

LGO

The two schematics below illustrate the high level LGO ICT infrastructure at Dec 2015.



Coventry –Network Schematic



York / London – Network Schematic



IT Budget for the year 2016-17 below:

LGO Data and telephone

Description	16-17 Budget
Coventry backup broadband	10,200
HBW Broadband connections	6,000
WAN (Level 3/Foehn)	48,300
Mobiles	12,000
Level 3/Foehn Telephones	28,000
Level 3/Foehn Changes	3,000
HBW Telephones	1,500
miscellaneous	10,000
	119,000

LGO IT (non capital)

Description	
Anti-virus support	6,000
Hardware support	20,000
ECHO support	37,000
HR support	12,000
Accounts support	12,000
Miscellaneous	3,500
Postcode s/w support	6,500
Penetration testing	9,000
Software	15,000
Hardware	30,000
VOIP softphones	0
server monitoring	2,000
VC support	3,000
	156,000

275,000

Notes:

We have noted an estimated saving of approximately £194K on data and telephony over the lifetime of the contract with our new Contractor.



PHSO

Main Software

- Windows 7
- EDRMS – currently Meridio but to be replaced by April 2017
- Office 2010
- Exchange 2013
- Microsoft Dynamics with SharePoint 2013
- Phone system – Asterisk PABX with Queuemetrics for call centre -software hosted by Foehn
- Finance - Sun and iPOS
- HR is currently OpenHR but there is a project just starting to replace this.

Computer setup

We use a Virtual Desktop Infrastructure (VDI) based on vmWare Horizon view.

Total ICT Budget for 2016/17 - £1.542 million (excludes staff)

Major elements:

Printers	£0.116m
Telephony	£0.082m
Consultancy	£0.0285m
Infrastructure support	£0.497m
Data grants	£0.207m
Licences	£0.610m
Other	£0.012m
TOTAL	£1.542m



Appendix 9 – Current accommodation arrangements and costs

Local Government Ombudsman – Office Accommodation - at September 2016

Over the past four years the LGO has implemented an accommodation approach which has been driven by a business Transformation Programme. This Programme was a direct response to Government budget reductions and spending controls and the requirement to comply with new Government accommodation guidelines. These guidelines required public sector and arms length bodies to transfer from private leasing arrangements, and to utilise vacant Government estate.

Working with its sponsor Department (the Authority) and through the Property Asset Management Unit, the LGO moved its three offices (in London, Coventry and York) from existing private rented accommodation to shared use of Government managed buildings. In doing so the LGO has achieved a substantial reduction in its accommodation costs.

It is acknowledged that it may be appropriate for the LGO to move from its current location in 2 Marsham Street to alternative premises in central London.

The LGO has its three offices located in shared Government Accommodation in Coventry, London and York.

This accommodation is provided to LGO as an ‘Occupier’ as agreed under separate Memorandum of Terms of Occupation (MOTO) for use between Crown Bodies only and forms part of the Civil Estate Occupancy Agreement for Crown Bodies (CEOA). The main user of the accommodation is the ‘Holder’ but not necessarily the building owner or landlord.

Coventry

Address: Earlsdon Park, 55 Butts, Coventry, CV1 3BH

MOTO Holder: The Department for Education (DfE)

Accommodation: LGO space comprises part of the 9th floor extending to approximately 450.5m², use of common areas and use of five parking spaces. LGO currently has this space configured to provide 76 desks, 3 meeting rooms and 2 individual offices.

Prescribed term: The Holder will permit the Occupier to use and occupy the Space from the agreed date of entry but being no later than 28th September 2015 to 27 September 2020 and so on until ended by either party giving notice in 2017, 2018, 2019 by not less than 6 months prior notice or to serve notice in accordance with the terms of the CEOA.

Licence Payment: The Occupier will pay £18,333.33 plus VAT per month = **£220,000 per annum.**

London

Address: Fry Building, 2 Marsham Street, London, SW1P 4DF



MOTO Holder: Department for Communities and Local Government (the Authority) is the 'Intermediate Holder' and holds the space under a MOTO from the Home Office (HO) or 'Holder'.

Accommodation: The Occupiers space comprises of 40 desks, prorata use of ancillary facilities including local on floor meeting rooms, conference suits restaurants and other shared amenity or breakout area.

Prescribed term: LGO operates on a tenant's only break clause operable on 3 months prior written notice effective since 31 July 2015. LGO also has the option to reduce desks.

The Occupier may be asked by the Intermediate Holder to relocate to other parts of the property at short notice at the Intermediate Holder's cost if this is required in the interests of good estate management of the building as a whole. The Intermediate Holder and Occupier agree to negotiate changes of accommodation requirements from time to time to their practicality and on a fair and equitable financial basis and the need for effective short and long-term planning of budgets.

Licence Payment: The Occupier will pay the following inviolable amounts that include the Facilities Unit Price, Business Rates, utilities, toner and printer paper: Occupation Charge based on a charge of £11,000 per desk per annum (i.e. 40 desks @ £11,000 ea = £440,000 per annum) Rates and utilities increases have been applied and **the 2016/17 charge is £449,240.**

York

Address: Foss House, King's Pool, 3 Peasholme Green, York, YO1 7PX.

MOTO Holder: The Department Environment, Fisheries and Rural Affairs

Accommodation: Part Second Floor, Total 200 m² (net internal area), use of common areas and car parking in accordance with the site parking policy. The Occupier's space amounts to 1.48% of the total net internal site area of King's Pool. LGO currently has this space configured to provide 32 desks, a meeting/breakout and Library area.

Prescribed term: Subject to the rest of this MOTO the Holder will permit the Occupier to use and occupy the Space from 1 September to 31 March 2018 and so on until ended by either party giving notice under the terms of the CEOA.

Licence Payment: The Occupier will pay an estimated amount of **£118,000 per annum.**

Parliamentary and Health Service Ombudsman Office Accommodation – at September 2016

PHSO have reduced occupied space in London (by 3 floors – 2131.8m²) over the past 4 years as part of a PHSO driven accommodation strategy. The reduction in occupied space has allowed PHSO to sublet to other crown bodies which is aligned with the One Public Estate strategy whilst also allowing PHSO to reduce accommodation expenditure.

There is the possibility to further reduce occupied space by releasing 1 (one) additional floor in London during 2016/2017.



PHSO has leased offices in London and Manchester.

London

Address: Millbank Tower, 21-24 Millbank, London, SW1P 4QP

Holder: The Secretary of State for Communities and Local Government c/o
The Parliamentary and Health Service Ombudsman

Accommodation: PHSO occupy 4 (four) leased floors totalling 2823.8m² and 2 car parking spaces. This occupied space contains 281 workstations, 13 individual offices, 6 Meeting rooms and an internal staff canteen.

Prescribed Term: The tenant is permitted to use and occupy the space from 7 March 2007 to 25 December 2018.

Licence Payment: Licence rates are varied by floor and noted as follows:

- The tenant will pay £298,345.00 plus VAT per annum for the 15th floor
- The tenant will pay £299,980.00 plus VAT per annum for the 19th floor
- The tenant will pay £307,990.00 plus VAT per annum for the 21st floor
- The tenant will pay £309,014.00 plus VAT per annum for the 24th floor

Manchester

Address: The Exchange, 3 New York Street, Manchester, M1 4HN

Holder: The Secretary of State for Communities and Local Government c/o
The Parliamentary and Health Service Ombudsman

Accommodation: 3rd Floor, total 776sqm (net internal area) and 4th floor, total 762sqm (net internal area) comprising of 198 desks in open plan with offices, meeting rooms, kitchenettes and eating areas.

Prescribed Term: Under terms of the Lease, the Occupier is permitted to use and occupy the space from 5 January 2009 to 4 January 2018 (3rd floor) and 26 January 2009 to 25 January 2018 (4th floor).

Licence Payment: The Occupier will pay approximately £131,800 including VAT per annum.

PHSO has additional temporary serviced accommodation for 50 staff on a 7 month licence until 31 March 2017 at Suite 202, 76 King Street Manchester, M2 4NH.

The space at 76 King Street consists of 2,400 sq ft with 50 desks and 1 meeting room and shares kitchen and washroom facilities with other tenants. Licence Agreement totals £120,935.90 for 7 months including services, rates and set-up fee, plus a refundable deposit



of £20,600 (two months licence fee). This arrangement is in line with Government Procurement Unit property controls.



Appendix 10 – Comparative data from other UK Ombudsman Schemes

Comparison by population size:

Other parts of the UK are served by public services ombudsman schemes. Whilst it is recognised that remits vary between schemes and running costs may be influenced by a number of factors, a simple comparison of the net operating expenditures in comparison to population sizes is given below:

	Net Op Exp	Population	Cost per Capita
Northern Ireland Ombudsman	£ 2.038 M	1.8 M	£ 1.13
Scottish Public Services Ombudsman	£ 3.250 M	5.3 M	£ 0.61
Public Services Ombudsman for Wales	£ 4.179 M	3.1 M	£ 1.34

(Figures for 2015/16, the most recent year for which published figures are available)

Comparison by decision numbers:

Definitions of what constitutes a decision, business processes and running costs all vary between organisations and therefore the following comparison of costs per decision, whilst useful, should be viewed as approximate:

	Net Op Exp	Decisions	Cost per decision
Northern Ireland Ombudsman	£ 2.038 M	742	£2,746
Scottish Public Services Ombudsman	£ 3.250 M	1,524	£2,132
Public Services Ombudsman for Wales	£ 4.179 M	2,315	£1,805

Figures for 2015/16, the most recent year for which published figures are available.