

Local Government &
Social Care
OMBUDSMAN

Commission for Local
Administration in England



Annual Report & Accounts 2021-22
(for the year ended 31 March 2022)

Commission for Local Administration in England

Local Government and Social Care Ombudsman

Annual Report & Accounts 2021-22

For the period 1 April 2021 to 31 March 2022

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

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Foreword



I present the Annual Report and Accounts for the Commission for Local Administration in England (also known as the Local Government and Social Care Ombudsman) for the year ended 31 March 2022.

As always, credit must go to our biggest asset – our staff – for their efforts in ensuring we continue to provide an excellent service for the public. The previous year had been one of challenge and change, working under the fallout of COVID-19. But last year has been no less a period of adapting.

As demand for our service recovered to more typical pre-pandemic levels, we were left with a backlog of cases which proved difficult to clear promptly. While initially foisted on us by the pandemic, it became clear COVID had only exacerbated pressures that had been building over recent years.

Despite this, last year we were very close to meeting all our longer time targets for completing investigations (over 13, 26 and 52 weeks). They show we complete three in every

four cases within three months, and we operate with a very low number of cases older than 12 months at any time.

However, the delays in the early part of our process are the ones we want to alleviate. The quicker we decide whether we can or should look into someone's complaint, the quicker people have certainty about their situation. This is why we set ourselves the ambitious aim of completing our initial investigations, to decide whether or not we will investigate further, in 20 working days.

We haven't been able to meet this aspiration for a number of years. And seeing an increasing number of cases build up waiting to be allocated to investigators, which eats into the turnaround time, was pushing this aim further away from realisation.

This led us to develop a plan to relieve these pressures and return our casework onto a more sustainable footing, which we launched in the second part of the year. Its aim is to do the maximum we can for the people that most

need us, within the confines of our boundaries: namely our finite staff resources, continued demand on our service and the increasing complexity of investigations, nowadays often stemming from systemic issues rather than one-off mistakes.

We decided to place an increasing focus on issues that have a wider public interest, such as those extending beyond the individual complaining, or those which have caused significant or long-term impact. At the same time it means we are increasingly less likely to investigate matters in detail that have caused minor irritation or annoyance.

We have also made internal changes to streamline our processes and reduce some complexity that had crept in over time.

Our staff have been integral in this plan: generating ideas, engaging with the Executive Team, who oversee the plan, and ultimately pulling together to meet new targets. I'm very pleased to say we have made great strides since we introduced the changes. At the end of year, we managed to more than halve the number of unallocated cases we had at the highest point, and we considerably increased the number of initial investigations made in 20 working days.

The whole point of getting our casework onto a sustainable footing is that we don't simply focus on reducing waiting times in the short term but at the cost of equally important work to share the learning from our investigations. A fantastic example of how important this work continues to be is the Focus Report we published on COVID-19 investigations, [Unprecedented Pressure](#).

This highlights what our investigations show about how council and care provider services responded to the upheavals to service delivery brought about by the pandemic. We

concluded that when things failed, sometimes the ramifications for the people involved were huge. But the lack of evidence of any systemic collapse of services suggests that, on the whole, councils and care providers responded as well as could be expected under very difficult circumstances.

I am extremely proud of this report, which packs in some 90 case studies, covering 18 months of COVID-19 investigations and focusing on what organisations can learn. It is a great place to start for anyone responsible for understanding how new ways of working, thrust upon us by the pandemic, affected the public experience of receiving local services.

We published another impactful Focus Report, more specifically aimed at councils, which urged them to reflect on their [services to victims of domestic abuse](#), coinciding with them receiving additional responsibilities in law. We highlighted a handful of our cases where councils did not respond as they should, and I hope lessons from this could help fewer people – most often women and children – being left at risk of abuse for longer than necessary.

We also published more than 50 reports last year about individual councils or care providers when there was a wider public interest to do so. Very often these are where the most serious things have gone wrong, but are also where the most value can be extracted to improve things for others. For example, in a case where the council didn't provide the eligible support to a family where relatives had to step in to care for two children, it agreed to review who else might be affected. This led it to putting things right for another six families who had suffered a similar fate.

In another case, after we criticised the council for not providing school transport for a teenager with autism when she had a 50 mile round trip, the council said it would review another 50

cases where it had similarly turned down an application.

Last year also saw us launch a vision for how our role might develop and change in the next three years, detailed in our latest [Triennial Review](#) of our legislation. With 'levelling up' at the centre of public policy, this vision shows how our work has always been complementary to this agenda. By levelling the playing field and allowing those without a voice to raise legitimate concerns about the things affecting them and their community.

However, we know from the complaints we cannot investigate that there are others who feel marginalised but are without the right to an independent review of their issue. With some modifications to strengthen and modernise our system – all practical and achievable rather than a complete re-design – we could help to remedy further injustices that currently go unremedied.

Key Learning from COVID-19

- > Quickly setting up a specialist COVID complaints team in 2020 paid dividends as we made proportionate and consistent decisions on more than 900 complaints linked to the pandemic last year
- > We published a sector-leading report sharing the learning from how councils and care providers responded to COVID, based on 18 months of investigations
- > Most of our staff continued hybrid working last year – but we are still evaluating the impact on our long-term future working practices

Key Constraints

- > Increased demand for our service and the increasing complexity of investigations
- > Absorbing the additional pressures under a very lean business model, already offering significant value to the public purse

Key Achievements

- > Launching a plan to make our casework more sustainable by reducing our short-term decision timescales
- > Reducing the number of cases waiting to be allocated to an investigator by more than 50% within the year



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

Who we are, what we do

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

We help to make sure these organisations are accountable to their service users, by ensuring they put things right if things have gone wrong. Sitting at the apex of the complaints process, we do not investigate complaints until the organisation concerned has been given the chance to respond.

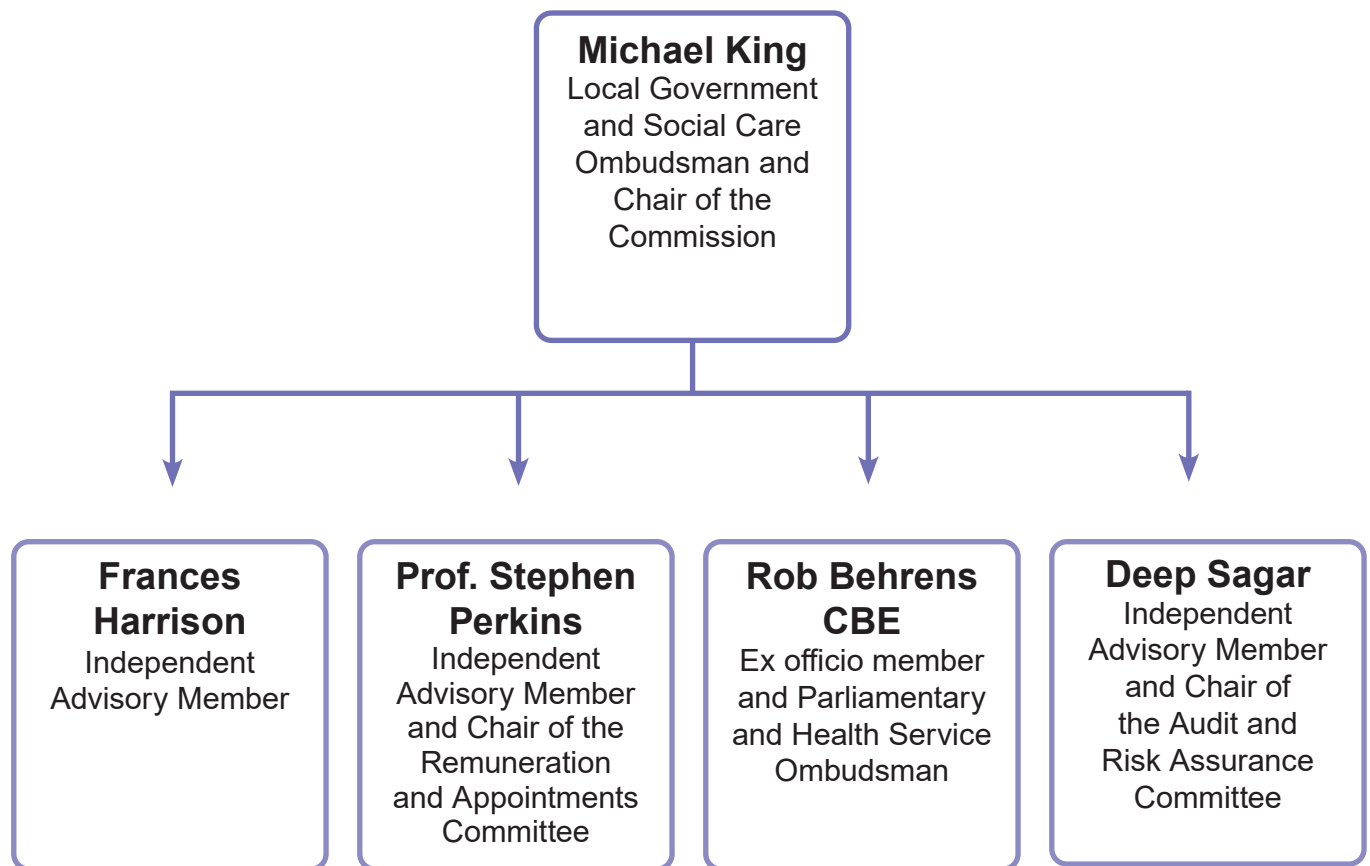
We are independent and impartial. This means we are neither a consumer champion nor a representative for service providers. We are free to use.

We share the learning from our investigations to help service providers improve their services for everyone. We do this in many ways, including publishing our decisions and complaints data, issuing thematic reports and guidance documents, engaging with public policy debates, and providing training on complaint handling.

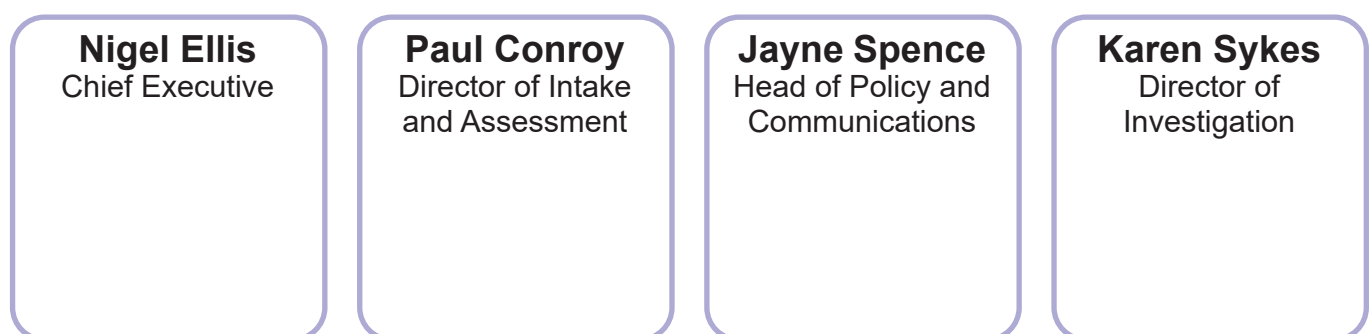
Our Executive Team manages our day-to-day operations. Its work is overseen by our board: the Commission for Local Administration in England (“the Commission”), which is chaired by the Local Government and Social Care Ombudsman, Michael King. The Commission sets our strategic priorities and provides scrutiny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



Membership of the Commission



The Executive Team



Key numbers 2021-22

122

complaint handling
training courses
delivered

1,967

recommendations
to improve services

99.5%

compliance with our
recommendations

51

public interest
reports issued

76%

councils sharing our
annual letter with
councillors

54%

reduction in
unallocated cases
during the year

1,525

residents due refund on
care charges in one report

200

council's unanswered
noise complaints revealed
in one report

Chief Executive's performance report

Performance Overview

We are pleased to report strong performance against our four Strategic Objectives.

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

We exceeded an increased target of completing 75% of investigations in 13 weeks (actual 77%). We were also very close to meeting our targets for the proportion of cases completed in 26 weeks (84% against a target of 85%) and in 52 weeks (98% against a target of 99%). Across the whole year we completed 14% of initial (assessment) investigations in 20 working days, against a target of 40%. However, thanks to our plan to get our casework turnaround times onto a sustainable footing, our performance against this measure improved and in the final months we were very near (38%) to achieving this aim for the first time in many years.

For the first year of using Net Promoter Scores to measure customer satisfaction with our service, we were just below our targets: we scored -75 against a target of -80 for the assessment part of our process, and we scored -7 against a target of 0 for the investigation part.

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

Our internal reviews of the quality of our decision statements revealed that 59 out of 63 statements met our standard for being reasonable and defensible last year. This was just one below the target of 60. We were also near to our targets for customer satisfaction with the quality of our decision statements: an average score of 5.4 (target: 5.5) on the extent to which the outcome directly addressed their

complaint, and 3.8 (target: 4) on how fairly their complaint was handled.

We continued to achieve a high rate of compliance with our recommendations: 99.5% of remedies were achieved. We did note, however, there were four instances of us publishing a formal notice of non-compliance against an independent care provider last year.

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

We issued 51 public interest reports, highlighting the most serious issues in our casework, and we published two major focus reports: our 18-month [analysis of investigations involving COVID-19](#) and our study on the learning from complaints about [council services to victims of domestic abuse](#). The tone of our media coverage was 100% positive or neutral.

In our stakeholder liaison and policy work, the Ombudsman appeared at two select committees to give evidence. One of these was at a session to debate our latest [Triennial Review](#) of our legislation, published last year, which sets out our vision for how our remit could be altered to strengthen the voice of communities in speaking up about local concerns.

Our [complaint handling training courses](#) continued to be in demand, with 122 online courses delivered last year. Delegates told us they felt 28% more confident, on average, in dealing with complaints after experiencing our courses (against a target of 20%).

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

We continued to offer excellent value to the public purse by managing our finances effectively and operating good financial control systems.

Our IT systems remained available for more than 99% of the time (although the target is an ambitious 100%).

We met our target for completing at least 95% of data requests from the public in 20 working days.

Managing Risk

The Executive Team leads our approach to strategic risks which may affect our ability to meet our objectives, overseen by the Commission and Audit and Risk Assurance Committee.

Of our seven strategic risks, at the end of last year three were rated Green. Our most pressing risk, rated red, is around the challenges we face fulfilling our statutory functions due to our reduced budget over recent years coupled with increased demand for our service and higher operating costs. Three strategic risks were rated amber. They are linked to a challenge, being considered by the courts, on how we interpret our enabling legislation to decide which cases to investigate, and which could be problematic for us making timely decisions if it is found to be flawed.

Casework trends

We monitor the amount and composition of complaints we receive and investigate. We do not control these, so they are not performance

measures, but we include them in this report to provide context to our performance.

Complaints and enquiries dealt with in 2021-22

17,534

Complaints and enquiries dealt with

32,091

People helped on the telephone without registering a case

6,674

cases dealt with by
initial check



We closed the case after carrying out basic checks, like whether:

- the council or care provider has had the chance to consider the complaint
- it looks like we are the right organisation to help at this stage

6,607

cases dealt with by
initial investigation
(assessment)



We decided not to investigate in more detail, after checking if:

- the issue is something the law allows us to look into and;
- there is good reason for us to do so

4,253

cases dealt with by
detailed investigation



We made our decision on whether the organisation was at fault by:

- investigating what happened, and what should have happened, according to the laws and policies in place at the time
- making recommendations to put things right if appropriate

**2,825 cases
upheld (66%)**

Strategic Objective 1:

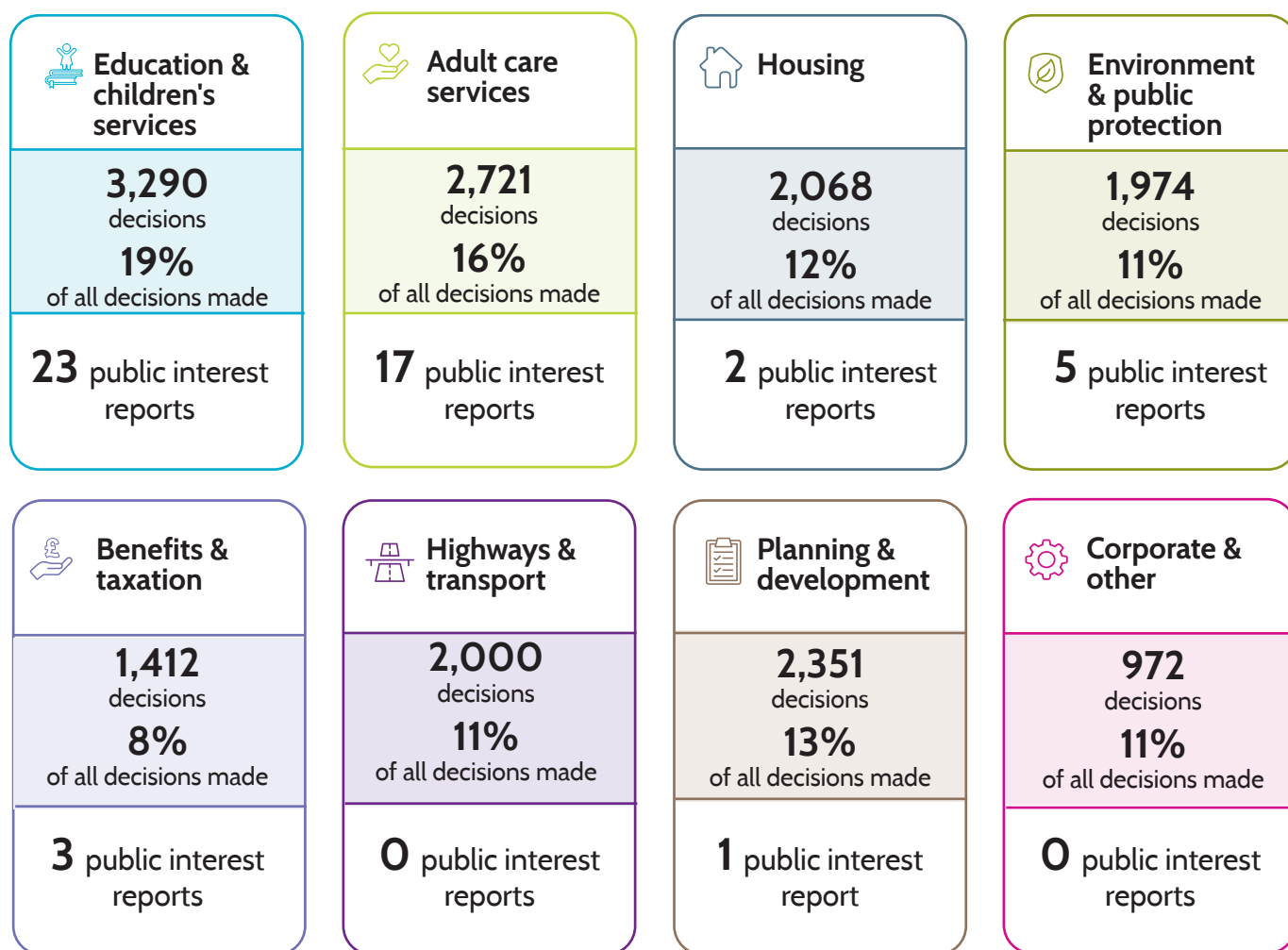
our service is easy to find and easy to use

Comparisons with the previous year

Measure	2021-22	2020-21	Change
Complaints and enquiries received*	16,946	12,851	32% ↑
Total cases dealt with (decisions made)	17,534	12,819	37% ↑
- Cases dealt with by initial check	6,674	5,414	23% ↑
- Cases dealt with by initial investigation	6,607	4,075	62% ↑
- Cases dealt with by detailed investigation	4,253	3,330	28% ↑
Uphold rate for investigations	66%	67%	1% point ↓

* The difference in number between complaints received and decided in a year is due to cases not always being decided in the same year in which they are received

Composition of complaints decided and reports published in 2021-22



- > 746 cases were decided under categories not shown in the diagram above: Other (634; 4% of decisions), Null (111; 1% of decisions) and Health (1). Please note the figures have been rounded up.

Strategic Objective 1:

our service is easy to find and easy to use

Uphold rates for complaint types

Our uphold rate (the proportion of detailed investigations upheld) for all cases was 66%, which is similar to the previous year (67%).

Uphold rate by category



The above chart shows our uphold rate by complaint type. The three areas in which we again upheld the highest proportion of investigations were: Education and children's services, Housing and Adult care services. The most noticeable change to our uphold rate for complaint types last year was in Benefits and taxation, which reduced by 11 percentage points. This was likely due to a significantly increased number of complaints decided relating to COVID-19 business support grants, which is explored further in our Focus Report, [Unprecedented Pressure](#).

Strategic Objective 1:

our service is easy to find and easy to use

How we evaluate our performance

Contextual information we monitor	Performance measures
The number of cases we have unallocated to investigators	The speed of our investigations
	Results from our customer surveys on satisfaction with our service

The legacy of COVID-19 on performance measures

The way COVID-19 has affected performance against our strategic measures in the 2021-22 year is more subtle than in the previous year, when in 2020-21 we paused our casework for three months.

The legacy of 2020-21 has been a backlog of cases that we have been unable to process as quickly as we would like. We are happy with the speed of our investigations once we start working on cases, but the periods where cases are waiting to be allocated to an investigator are the main causes of the delays we want to alleviate.

During last year we put a major focus on developing and starting a plan to reduce these “waiting times”, given the resources available to us. The plan aims to bring our casework onto a long-term sustainable footing, by increasing the speed of our investigations while simultaneously continuing to fulfil our equally important role of sharing the learning from our investigations to improve local services. We have seen promising progress against the plan’s targets in the second half of the year.

One thing to consider when comparing last year’s results with the previous year is that we carried out a review of our corporate key performance indicators before the start of 2021-22. In this process, we reassessed both the type of measures and the level of attainment against these measures we would

set as targets, to ensure they are appropriately challenging and achievable. It has resulted in some revised and brand new types of measures which we do not have previous data for.

The fact that 2020-21 was an unusual year, with us not registering new complaints for three months, must also be considered when comparing any data from last year against 2021-22 figures.

Strategic Objective 1:

our service is easy to find and easy to use

Speed of investigations

Cases closed in	Target	Actual	Performance
13 weeks	75%	77%	Green
26 weeks	85%	84%	Amber
52 weeks	99%	98%	Amber

We exceeded, or were close to meeting, our time targets for the proportion of cases we close by 13, 26 and 52 weeks. Last year we had also re-evaluated these measures, increasing the target for the proportion of cases closed within 13 weeks from 65% to 75%.

The above chart measures our long term processing speed, and shows we complete more than three quarters of our cases within three months. We also have targets on our short term turnaround times. We aim to complete an initial investigation (what we call an assessment) within 20 working days. This provides the public with certainty, much more quickly, on whether or not we will decide to look into their case in detail. This remains a deliberately aspirational aim that has been difficult to achieve in recent years, so we have set ourselves the target of carrying out an initial investigation on 40% of cases in 20 working days.

Last year we completed an initial investigation on 14% of cases in 20 working days. This statistic, however, belies a more positive picture. To get our casework turnaround times onto a more sustainable footing, in the second half of the year we made a series of changes aimed at improving our processing speeds, particularly in the early part of our investigation process. The result was that by the close of the year we were just under our target of completing 40% of initial investigations in 20 working days (at 38%) – the first time in many years we have been close to achieving this.

Unallocated cases (contextual information)

Our ability to meet our 20 working day target is closely associated with the number of cases we have waiting to be allocated to an investigator at any one period: the higher the amount, the more cases where waiting times have eaten into the 20 working days. At the end of the year, we had 923 unallocated cases. Again, a positive result of the changes we made, this has more than halved (54% reduction) the 1,998 unallocated cases we had at the mid-year point. While we strive to reduce the waiting times early in our casework, they are still favourable in comparison to other similar complaint organisations.

Customer satisfaction with our service

Last year we changed how we evaluate customer satisfaction with our service. We previously asked complainants whether they were happy with the service we gave and, when evaluating results, we took into account whether or not they were also pleased with the outcome of their case because we know the two things are inextricably linked.

We are now using Net Promoter Scores to measure customer satisfaction. This is calculated by subtracting the percentage of 'detractors' (those who gave a score of 0-6 on the question: How likely are you to recommend the LGSCO to others) from the percentage of 'promoters' (the percentage of those who gave a score of 9 or 10 on the same question).

Using Net Promoter Scores is a better measure because it is a recognised industry standard and it also allows us to set separate targets for our Assessment and Investigation stages, which we were not previously able to do.

For Assessment, we set a lower target because of the higher proportion of cases in which we decide not to investigate will translate into lower satisfaction levels. We achieved a Net Promoter Score of -80 for Assessment last year, which was just below our target of -75.

For Investigation, we achieved a Net Promoter Score of -7, which was close to our target of 0.

Strategic Objective 2:

we remedy injustice through impartial, fair and rigorous investigations

How we evaluate our performance

Contextual information we monitor	Performance measures
Outcomes from requests to review our decisions	The quality of our decision statements
Outcomes from complaints about our service	Results from our customer surveys on satisfaction with our decisions
	How we achieve remedies to our satisfaction

Quality of our decision statements – internal reviews

We monitor a sample of decision statements three times a year to gauge the quality of our decision making, the consistency of our outcomes, and the clarity of the language.

In each review, we look at 21 statements from across our different internal teams, and our target is for at least 20 of those to meet our standard for being reasonable and defensible.

In all the reviews done last year, 59 statements out of 63 met the standard, which meant we were one below our target of 60 statements being classed reasonable and defensible.

Quality of our decision statements – customer satisfaction

We survey our complainants on the quality of our decision statements. In answer to the question: “rate how much the decision gave a direct answer to my complaint”, there was an average score of 5.4, against a target of 5.5 (out of 10). To the question: “rate how fairly my complaint was handled”, there was an average score of 3.8, against a target of 4 (out of 10).

Achieving remedy

When we find fault, which has caused injustice, we will make recommendations for councils and care providers to put things right. This will include actions to remedy the situation for the individuals who have suffered but may also include recommendations to improve services to avoid other people being failed by the same issue.

Despite our recommendations not being legally binding, it is rare for councils and care providers not to implement them. On every recommendation, the organisation must provide evidence that it has done, or will do, the things we have recommended before we confirm we are satisfied the remedy is achieved. Last year 99.5% of remedies were achieved, against a target of 99%.

In the rare cases in which we are not satisfied a recommendation has been implemented, the final step available to us is to publish an official notice explaining the organisation has not complied. There were no cases of non-compliance from councils last year.

However, we issued four Adverse Findings Notices against independent care providers. This is the final stage of our process on our adult social care jurisdiction, when providers have, despite all efforts, refused to comply with our recommendations. These, thankfully still

Strategic Objective 2:

we remedy injustice through impartial, fair and rigorous investigations

rare, cases are shared with the regulator, Care Quality Commission, and we seek maximum publicity to hold the organisations to account; last year achieving national media stories on some. These were the Adverse Findings Notices issued in 2021-22:

> **Foxley Lodge Care Limited**

The Kent care home failed to engage with our investigation, on a second complaint about the care provided at one of its care homes to a woman with dementia in which we had already issued an Adverse Findings Notice on the earlier case

> **Care 1st Limited**

The South West provider refused to apologise to a man who it provided care for in his home, when our investigation found problems with the quality of care and professionalism of its staff

> **Peepal Care Limited**

The Wembley provider became the first domiciliary provider to have received two Adverse Findings Notices after providing irrational reasons as to why it would not comply with our recommendations to put things right for the poor quality care provided to a woman who needed specialist support

> **Hamilton Care Limited**

The Scarborough care provider failed to present relevant financial records for a vulnerable woman's care, despite multiple requests from both us and the deputy who had been court appointed to act on the woman's behalf

Review requests (contextual information)

People can ask us to review our decision on their complaint if they are not satisfied with the outcome. But we will only do this if they show our decision was based on inaccurate facts or they can provide new information that would have affected the decision we made.

Last year we received 1,105 requests to review our decisions (2020-21: 653). We found our decision not up to the expected standard in 52 cases (2020-21: 28). The increases on the previous year are unsurprising given the lower overall number of complaints we handled in 2020-21. The proportion of upheld review requests remains similar at around 5% of the total requested.

When we find we have not met the standards we expect, we apologise and carry out work to bring those decisions back up to the level they should be. It is very rare that we end up coming to a significantly different decision on those we've reviewed.

Complaints about our service (contextual information)

We received 298 complaints about our service in 2021-22. This is more than the previous year (2020-21: 193), although the previous year was lower than usual because of the lower number of total complaints we received due to COVID-19.

We upheld 71 of these complaints (2020-21: 39), and acknowledged we could have done something better and apologised.

Strategic Objective 3:

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

How we evaluate our performance

Contextual information we monitor	Performance measures
Volume of our media coverage	The tone of our media coverage
Popularity of our effective complaint handling training programme	The extent to which participants learnt from our training courses
The number and types of reports issued	
The number of recommendations we make to improve services	
Our contributions to public consultations and inquiries	
Results from our annual council and care provider surveys about how they learn from our reports	

Reports and decisions issued (contextual information)

Public interest reports

We issue a public interest report when an investigation highlights one or more of the following:

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

They usually reveal the most serious issues found in our casework. By seeking media coverage for public interest reports and triggering the statutory requirement for councils to consider them at a high decision-making level, such as full council, we ensure the council's response to these investigations

receives the highest level of scrutiny we can leverage.

Last year we issued 51 public interest reports. Among these were two reports that we could not publish because it would have compromised the anonymity of those involved. They also include four Adverse Findings Notices, which are the nearest equivalent process to a public interest report for independent care providers, and are issued specifically when a care provider refuses to implement our recommendations satisfactorily.

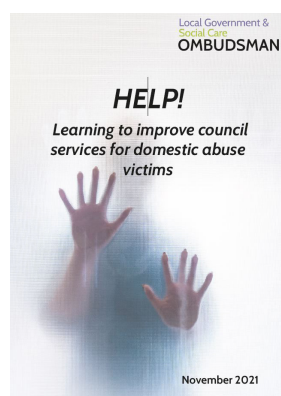
Around three quarters of the public interest reports we issued were about the two areas in which we receive the most complaints: education and children's services and adult care services. Last year there were a number of public interest reports where COVID-19 was the primary or a secondary factor in the investigation.

Strategic Objective 3:

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

Focus Reports

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



[Help! Learning to improve council services for domestic abuse victims \(November 2021\)](#)

As councils took on more responsibility under the new Domestic Abuse Act, we urged them to reflect on their practices and procedures using the lessons from our report.

We highlighted the experiences of a number of domestic abuse victims whose cases we had investigated in which local services could have responded better.

Issues highlighted in the report include councils questioning victims' lived experiences and downplaying the impact of the trauma they have endured, failing to work with other local services to keep victims safe, and leaving people at risk for longer than necessary.

In one case, a victim's personal information was shared with her abusive former partner, causing huge stress and anxiety. In another, a pregnant mother and her four-month-old baby were assaulted by their abuser when they were not rehoused quickly enough by their local council.

We said that councils should take the report in the constructive manner it was intended, and if it could drive action to keep even a single person safe from abuse, then it must be worth it.



[Unprecedented pressure: Learning from complaints about council and care provider actions during the COVID-19 pandemic \(February 2022\)](#)

This report analysed what our investigations reveal about how council and care provider services coped with the unprecedented pressures of the COVID-19 pandemic, looking at the first 18 months of our investigations on the subject.

We said that COVID-19 exposed fault lines that were already present in council and care provider services. When things did go wrong, the personal impacts were significant. For example, the case of a woman who contracted and died from COVID-19 while at a care home that had faltering infection control procedures, and which later tried to cover up the facts.

But while acknowledging some of the personal tragedies we heard, our investigations did not uncover evidence of a systemic collapse of services. This led us to also say that councils and care providers pulled together under stress to maintain services as far as could be reasonably expected, in very difficult circumstances.

The report is structured under the same headings as the good administrative practice for working in a crisis, which we issued early in the pandemic. By doing this, and concentrating on our recommendations for improving services, it is designed to be a tool to help organisations reflect and learn on how they worked differently during COVID-19.

Strategic Objective 3:

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

Investigation decisions

We publish our investigation decisions, except in the small number of cases where to do so would compromise anonymity of the people involved. We keep them on our website for five years and have more than 40,000 cases online at any time. They are published at www.lgo.org.uk/decisions

We send out weekly email alerts linking to our newly published decisions in our most common categories, which anybody can subscribe to through our website. These alerts regularly generate media coverage, which provides additional scrutiny of local services.

Scrutinising complaints data

There are various ways we encourage scrutiny of our complaints information, so as to increase public accountability for those responsible for delivering services and to maximise the learning from our investigations.

Annual letters to councils

Each year we write to every council to present them with our complaints data and feedback any specific comments about how the authority has worked with us in the year gone by – both positive and negative. These letters are a key part of how we increase the accountability of councils for how they have responded to complaints from the public.

We encourage councils – and we know many do – to submit their annual letters and Ombudsman complaints data to formal scrutiny and overview functions within the council.

To encourage further scrutiny and learning, we publish the letters and the data that sits behind them on our [Council's Performance map](#). Our map now holds four years of data,

including compliance rates for implementing our recommendations, details of each service improvement recommendation agreed to, and benchmark average statistics for the different types of councils.

Annual review reports

We have a duty to publish a formal report each year on both parts of our jurisdiction – local government and adult social care – which feeds back our findings on our casework.

Our [annual review of local government complaints \(July 2021\)](#) is published alongside the annual letters to councils. Last year we highlighted the widening cracks in local government complaint handling noted in the data from the 2020-21 year, as we upheld 67% of detailed investigations: the highest proportion to date in an upward trend over recent years.

Our [annual review of adult social care complaints 2020-21](#) also highlighted a high watermark for the proportion of complaints upheld in the decade since we started investigating independent care providers. We said that increasingly we are noticing exceptional and unorthodox measures being deployed simply to balance the books in a sector under more pressure than ever.

Media coverage

Last year we monitored more than 2,000 pieces of press coverage mentioning us – most of it specifically generated by us through our reports and published investigation decisions.

We also monitor the tone of our media coverage by categorising it as positive, neutral or negative. We have a target of 98% of coverage being positive or neutral. Last year 100% of our media coverage was positive or neutral.

Strategic Objective 3:

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

Recommendations to improve services (contextual information)

When we make recommendations to remedy injustice, we categorise them to help understand the types of actions we recommend over time. 'Service improvement' recommendations are typically things like reviewing policies and practice, training staff and refreshing guidance – and are directly aimed at extracting the maximum value from our investigations by improving the quality of services for everyone.

Last year we made 1,967 service improvement recommendations (2020-21: 1,618). This number equates to 26% of our total number of recommendations (2021-21 was also 26%).

Engaging in public consultations and inquiries (contextual information)

We share the evidence from our casework directly with interested parties to help initiate meaningful change, including MPs and policy makers. Part of this work includes contributing to public consultations and inquiries.

Last year the Ombudsman, Michael King, gave evidence in person to two select committees. In January 2022, he appeared at the Levelling Up, Housing and Communities (LUHC) Committee session specifically dedicated to our proposals to improve public accountability, found within our recently published [Triennial Review](#) of our legislation. More detail on our Triennial Review is in the Directors' Report section of this document.

In March 2022, the Ombudsman appeared at the Joint Committee on Human Rights, giving our perspective on the complaints systems

in the care sector and evidence from our casework on issues around the deprivation of liberty in care settings.

We also submitted written evidence to many consultations and inquiries, including: the Education Committee inquiry into children's homes, LUHC Committee inquiry into the long-term funding of adult social care, the Cabinet Office consultation on the draft terms of reference for the COVID-19 public inquiry and the Department for Education consultation on changes to the school admission appeals code.

Complaint handling training

Our [effective complaint handling training courses](#) are a well-established and popular route for councils and care providers to improve their complaint handling. Last year we continued delivering online courses, the format of which we developed the previous year in response to social distancing restrictions.

Last year we delivered 122 training courses for councils and care providers (2020-21: 79 courses).

We survey our attendees, asking them to score out of ten the extent to which they felt confident in dealing with complaints both before and after the course. Our target is for a 20% uplift in the amount of confidence attendees express in dealing with complaints after the course. Last year attendees said they were 28% more confident on average.

Strategic Objective 3:

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

How bodies in jurisdiction learn from our investigations

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

Councils

56%

satisfaction rate for 'our investigations helped to improve local services'

26%

published our annual letter on their own websites

76%

shared our annual letter with councillors / scrutiny committees

76%

used our interactive performance map

77%

aware of our focus report on COVID-19 investigations

43%

used our report to review practices

Strategic Objective 3:

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

Care providers

69%

aware of our Annual
Review of Adult Social
Care Complaints

70%

read our reports on
learning from complaints

44%

used our reports to
review practices

66%

referred people to us
in their complaints
processes

Strategic Objective 4:

we are accountable to the public and use our resources efficiently

How we evaluate our performance

Contextual information we monitor	Performance measures
Our financial performance and control frameworks	Continuity of our IT services
Our value for money	How quickly we respond to data requests from the public
How we remain transparent and open to public accountability	
Our impact on the environment	

Financial performance (contextual information)

Our Executive Team monitors financial performance against individual budgets every month and reports variances to the Commission. Throughout the year we managed our budgets effectively and our financial control systems operated well.

Our net expenditure for 2021-22 was £16.256m which was an increase of £1.764m compared to 2020-21. The majority of the increase is accounted for by increases in the non-cash pension service and interest costs of £1.524m (see notes 4.2 and 6) the remainder (£0.24m) represents a real cash expenditure increase. There are full details of financial performance within the Accountability Report and Financial Statements in this report.

In 2021-22 we were given less than a 'status quo' budget because the moderate £431k increase we did receive only covered the nationally agreed annual pay increase (over which we have no control or influence) and continued funding of the increased investigative capacity DLUHC agreed in 2020-21. All non-staff budgets were frozen and inflationary cost increases had to be absorbed.

In 2022-23, we have been given the same budget as 2021-22. However, this now represents a significant, real terms cut to our resources. This is because our 'flat budget' must continue to absorb substantial cost increases that are out of our control, like honouring the nationally agreed annual pay rise which will increase our staff pay bill.

We continued to work with DLUHC in the way set out in our Framework Agreement. Our Chair, Chief Executive and Head of Finance continued to meet DLUHC officials on a regular basis.

Value for money (contextual information)

We continue to offer value for money by constantly looking for efficiency savings. Our cost per complaint last year was £1,057. While this is a significant reduction on the previous year (£1,482), the cost per complaint for 2020-21 was skewed by us considering significantly fewer complaints in total over that year, due to COVID. Our cost per complaint is low when compared with other UK public sector ombudsman schemes.

Strategic Objective 4:

we are accountable to the public and use our resources efficiently

Transparency and accountability (contextual information)

We are held to account by our board – the Commission for Local Administration in England – which sets our budgets and agrees our business plans. The Commission's work is scrutinised by the Audit and Risk Assurance Committee, and the Remuneration and Appointments Committee (see later in this report for more on the work of these committees).

We [publish minutes and non-confidential papers](#) of board and committee meetings, including our business plans.

Our Executive Team assesses our [publication scheme](#), which explains what we publish, each year against best practice from the Information Commissioner's Office (ICO). Wherever possible we publish our staff guidance and operational manuals, so the public can understand how we come to a decision, as well as many of our HR policies.

By laying our Annual Report and Accounts in Parliament, and the accounts being audited by the National Audit Office, we remain publicly accountable.

Environment and sustainability (contextual information)

The largest contributor to our carbon footprint is the energy consumed at our office locations. However, as we are required to accommodate office space within the government estate, which have accompanying facilities service provider contracts, we have limited choice and influence over this part of our environmental sustainability credentials. In line with requirements, our host department monitors and reports separately on the environmental performance of our office buildings.

Of the things we can control, we aim to reduce our impact on the environment through the policies and procedures we apply. We encourage use of the recycling facilities in our offices, and our paper purchases are from a sustainable source. We try to reduce buying any non-recyclable stationery and we dispose of IT equipment through non-landfill schemes.

Our business travel – which has remained significantly lower than pre-pandemic levels due to a continued use of online meetings – encourages rail as the preferred mode. When car hire is required, hybrid vehicles are prioritised. We also have schemes for employees that encourage low carbon commuting options, such as cycle to work and rail season ticket loans.

Continuity of IT systems

Last year our IT systems remained sufficiently secure to potential data losses or cyber-attacks. We continued to provide our staff with the ability to work from home, while also developing our approach to an increased level of hybrid-working as lockdown restrictions started to lift.

We set ourselves the demanding target of ensuring access to both our core network and our homeworking network are available 100% of the time. Last year access was available to our core network 99.5% of the time and our home network was available 99.6% of the time.

Our response to data requests

To remain accountable to the public, it is important we respond to formal requests for information (Data Protection Act and Freedom of Information requests) promptly.

Our target is to complete 95% of requests within 20 working days. Last year we met that target, completing 95% within those timescales.

European Union departure

LGSCO prepared in previous years for the prospect of the UK leaving the European Union. This was primarily around reviewing our data protection arrangements with data processor suppliers and working arrangements with the new Office for Environmental Protection. Therefore, the UK's formal departure from the EU, coming into effect during 2021-22, had no material impact on our strategic objectives and outcomes.



Nigel Ellis
Chief Executive Officer

12 December 2022

Accountability report

Directors' report

Leadership and direction

The strategic direction of LGSCO's work is overseen by the board: the Commission for Local Administration in England (the Commission). The Commission meets regularly to agree the strategic objectives which guide the organisation, to monitor progress against the three-year plan and to receive progress updates on the annual business plan. The Commission also oversees adherence to the annual budget, advises senior staff, and provides constructive challenge where appropriate. Meetings of the Commission are chaired by the Ombudsman, Michael King. There are three independent advisory members: Frances Harrison, Deep Sagar and Prof. Stephen Perkins. The Parliamentary and Health Service Ombudsman, Rob Behrens, attends meetings as an ex officio member of the Commission. The Secretary to the Commission is Nigel Ellis, LGSCO's Chief Executive and Accounting Officer, who has prepared this report on behalf of the Commission.

The Executive Team is responsible for leadership and operational management of the LGSCO. It ensures the organisation fulfils its statutory functions, delivers on its plans and remains focused on its core strategic purpose: 'to remedy injustice and help improve local services'. Most of the key organisational decisions about staffing, operational policy, risk, business planning, finance, accommodation, technology, data, people development and learning are directly influenced by the Executive Team, working together with managers across the entire organisation.

The Executive Team is supported by specialist operational groups which are given delegated responsibilities relating to: casework policy; performance and quality; corporate support; promoting the learning from our cases; looking after the health, safety and wellbeing of our staff; equality, diversity and inclusion; managing

our information; and using our technology to best effect. These groups provide an opportunity for staff to contribute their ideas and experience, and share information across the organisation. We advertise opportunities to get involved in these groups to all staff, with a clear description of the requirements, to encourage anyone with an interest to broaden their involvement in our work.

The Executive Team brings together the most senior managers responsible for the LGSCO's casework and its impact. It is chaired by the Chief Executive and the other four members are: the Ombudsman, the Director of Intake and Assessment, the Director of Investigation and the Head of Policy and Communications. The Team meets twice weekly to ensure all members are updated on current issues. In addition, the Team hold monthly formal business meetings and more in-depth development sessions.

The Leadership Team comprises all managers in the organisation. It meets regularly to help co-ordinate important long-term projects, develop a consistent approach to management across the organisation, share information, provide mutual support and act as a forum for generating new ideas and approaches. The Leadership Team is therefore a crucial means by which the organisation shapes the future direction of its work.

Our people

The vast majority (84%) of our funding goes directly to paying for our team of committed, skilled and experienced staff; over the last year we have had an average of 189 FTE staff. Each month, the Executive Team oversees the actual number of staff in post and ensures we maximise our staffing quota – leaving no unplanned vacancies so the organisation remains "fully staffed" at all times. This is vital in helping the organisation complete its work.

Our experience is that even slight delays in recruiting new staff have a significant effect on our performance, given the resources available and the extremely challenging environment in which we operate.

At the end of the year, we were 99.6% staffed and we maintained a very similar position over the whole of the year. This makes full use of the limited budget available to us, whilst at no time over-spending the permitted staffing budget.

Last year, the rate of turnover of staff was 6.5%, which, as with previous years, is significantly below the sector average of 11.7%. As mentioned above, we still need to respond without delay when vacancies arise to avoid losing staff capacity for any significant period.

Accommodation

We have three office locations, each consisting of space rented in government owned buildings. The 'head office' is in Coventry, and smaller spaces are rented in York and London. This has provided office space without the need for private leases; a requirement placed upon us by Government. We also have a small number of staff in the joint working team located in Manchester.

Throughout last year these sites were available to our staff. In collaboration with our landlords and their workplace services providers we continued to provide a 'COVID-19 secure' workplace for an increasing number of our staff who are working regularly at one of these offices. As the various restrictions have been lifted and guidance changed, we have continued to make workspace available to match the demand, while ensuring the safety and comfort of our staff.

Having multiple sites, and a continuing high proportion of staff working more regularly from home, we are heavily reliant on modern, flexible, working arrangements and technology

to conduct our day-to-day operations effectively and deliver our services to the public. These arrangements have previously worked well for the organisation but we are now undertaking a review of how we use our accommodation, to ensure it supports our work for the future, taking account of our experience and learning from the last two years.

Sponsorship arrangements

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

LGSCO works with a sponsor department: the Department for Levelling Up, Homes & Communities (DLUHC). The details of the working relationship are specified in a Framework Document, published on our website. This sets out the arrangements for the governance of the Commission and the respective responsibilities of the Chair, the Accounting Officer, the Secretary of State for Levelling Up, Homes & Communities, and officials in that Department. The Framework Document also recognises the personal authority of the Ombudsman, in relation to complaints and investigations, and makes it clear that no restrictions are imposed on the independent exercise of the Ombudsman's statutory functions. The document also informs the nature of the arms-length relationship, emphasising the independence of the LGSCO scheme but also ensuring governance arrangements are appropriate.

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

LGSCO's staff have participated in many different meetings with officials at DLUHC on a range of different matters, including quarterly Accounting Officer meetings, to update on progress and discuss any particular issues which may arise from time-to-time. Other meetings discussed LGSCO's policy proposals to improve services to the public and enhance accountability and transparency within local government. LGSCO has also put forward proposals about sharing data and intelligence and trends relating to bodies within the Ombudsman's jurisdiction. Our aim has been to foster a collaborative, partnership approach to such issues wherever possible.

Budget

In 2021-22 we were given a less than 'status quo' budget because the moderate increase we did receive only covered the nationally agreed annual pay increase as well as continued funding for the increase in investigative capacity that DLUHC agreed in 2020-21. All non-staff budgets were frozen and inflationary cost increases had to be absorbed.

In 2022-23, we have received a 'flat budget': the same amount as in 2021-22. This is now a significant, real terms cut to our resources, given that we must continue to meet considerable cost increases from this static budget. These increases are out of our control and include things such as covering the significant rises in external costs for essential services and honouring the nationally agreed annual staff pay increase.

We responded to the situation by setting out a plan to operate with the reduced resources. The aim was to prioritise our spending on staff costs, which already makes up most of our budget commitments. By not resorting to offering redundancy schemes, this will protect the quality of our service.

The plan included us freezing recruitment on all but business-critical roles, where only a single member of staff carries out the work. We have committed to reducing our office space by more than 50%, as soon as our various lease arrangements allow. We have also been forced to cut back extensively on important features of our work, such as legal information services, to avoid having to make redundancies which would restrict the service we are able to offer to the public.

As previous budget reductions in recent years means we already have a very lean business model, this is huge challenge for us. We have raised our concerns with our sponsor department about the threat to the long-term sustainability of the LGSCO that the current situation already presents, let alone if the prospect of further budget reductions arise.

Pension arrangements

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

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

The Directors estimate that at 31 March 2022 the scheme has a surplus of approximately £19.2 million when measured on the basis used for the purposes of calculating future contribution rates (at 31 March 2021 there was an estimated surplus of approximately £5.8 million on this basis).

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

In the Financial Statements, the pension deficit is calculated on a different basis using a range of assumptions chosen by management, with advice from the actuary, in accordance with International Accounting Standards (IAS 19). These assumptions are more conservative than those used for the purposes of calculating future contribution rates, and they result in a significant increase in the estimated liabilities of the scheme. Under this basis, the scheme has a deficit of £26.6 million at 31 March 2022 (2021: £40.5 million). This deficit is shown in the Statement of Financial Position and more details are available in Note 13 to the Accounts.

Employer payments to fund the ongoing scheme and reduce any deficit are determined every three years by the scheme actuary and are calculated on the basis used for the purposes of calculating future contribution rates that will target a funding level of 100% in the medium term. The scheme actuary most recently completed a triennial valuation at 31

March 2019 and issued a schedule of payments covering the three years from 2020-21. The actuary determined that the contributions only needed to cover the normal ongoing liability and did not need to include any element of deficit repayment. For 2020-21 to 2022-23 the rate of Employer contributions is 15.7% of pensionable salaries (previously 13.76% for 2017-18 to 2019-20). The increase in contribution rate was primarily due to the adoption of more cautious assumptions concerning the growth of the pension liabilities.

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

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

The Executive Directors estimate that the Commission's liability (and ultimately DLUHC's liability) would be approximately £55 million (2021: £69 million) in this event.

Estimated pension surplus/(deficit) measured on three different bases

Basis of estimate	Explanation	2022 £m	2021 £m
For calculating future contribution rates	(for information only)	+19.2m	+5.8
International accounting standards (IAS 19) for inclusion in the Accounts	(see page 71 and Note 13.7)	(26.6)	(40.5)
On winding up the scheme	(for information only)	(55.4)	(69.0)

Procurement

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

Payment of suppliers

LGSCO has continued its commitment to ensuring prompt payment to its suppliers; demonstrated by its desire to adhere to an agreed target to pay 98% of suppliers within 30 days. Performance against this standard is reported at each meeting of the Audit and Risk Assurance Committee. This year LGSCO narrowly failed to meet its target, making 97% of supplier payments on time (97% in 2021-22). It should be noted, however, that supplier invoices that are in dispute are included as a late payment.

Legal disputes and litigation

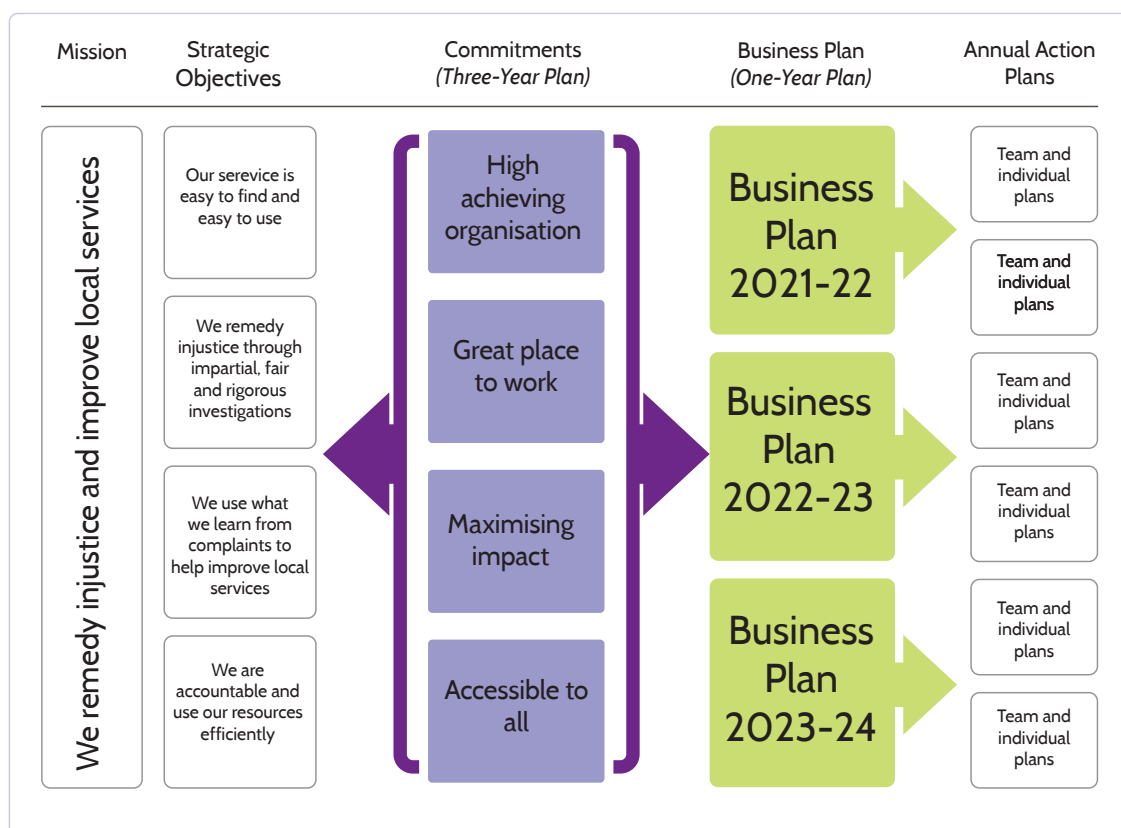
We always try to address any concerns about our decisions in the first instance, to ensure we offer the best service possible while avoiding unnecessary and costly litigation. Where people feel we have misunderstood something or got a material fact wrong, they can ask for an internal review or follow the pre-action protocol process prior to taking legal action (a process the courts expect parties to use in an attempt to settle disputes before lodging an application for judicial review). It is possible for both complainants and bodies in jurisdiction to pursue judicial review if they feel our decisions are procedurally wrong. This is not an appeal against the Ombudsman's decision, as the Court will not exchange its view for ours. However, if people are successful, it has the effect of quashing the decision and requiring us to re-take it.

In 2021-22, LGSCO was notified of 31 potential judicial reviews through the pre-action protocol procedure and two additional claims were lodged with the Administrative Court where the pre-action protocol had not been followed. Five claimants went on to issue proceedings and in all but two cases, permission was refused for a substantive hearing, as the Ombudsman's decision was considered sound.

While we decided to re-open one of the cases without incurring the costs of a hearing, one case which arose last year is proceeding to a full judicial review hearing in due course. We have one residual case – which arose prior to last year but has yet to be heard – which will also be decided. Both cases will hopefully provide up to date clarification from the courts on two long established aspects of our jurisdiction. We feel these challenges are likely to increase in coming years because our enabling legislation is struggling to keep pace with the way in which modern public services are delivered.

In addition to challenges to our decisions, brought on the grounds of public law outlined above, LGSCO receives a small number of civil claims each year brought by people unhappy with the service we provided, for example in accordance with the public sector equality duty, or the handling of their personal data. This year we dealt with four such claims, none of which were upheld by the courts.

In all cases where we successfully defend claims, we look to recover our reasonable costs.



Three-Year Plan

In April 2021 we launched our new [Three-Year Plan \(2021-24\)](#), which set out the longer-term aims of the organisation, outlining our priorities and influencing how we work together as an organisation.

In line with our strategic objectives and our principles of independence, impartiality and fairness, the Three-Year plan is centred on four key commitments:

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

Delivering these commitments is everyone's responsibility, and they form a fundamental part of our shared commitment to working at LGSCO, feeding through to our annual business plan as well as action plans at team and individual level.

Business Plan 2021-22

Last year's [Business Plan](#) initiated a broad and ambitious range of 25 initiatives, which together underpinned our four commitments. The work supports our core work – to manage complaints and maximise the impact of our casework – while also including a series of development and improvement projects. Fittingly, as we embarked on our new [Three-Year Plan](#), we began several longer-term pieces of work to run over the next few years, many of which have delivered interim business benefits this year.

The year was once again marked by the changing circumstances and official guidance arising from the COVID-19 pandemic. Despite this, we had adapted many of our working procedures during 2020 to ensure we could keep disruption to a minimum. Organisations we were working with, bodies in our jurisdiction and our suppliers, were also better placed to progress work. Consequently, by the end of the year 23 of our 25 initiatives had been fully or very substantially completed and one was partially completed. Only one initiative was not completed as intended. This was largely because of the prolonged effect and uncertainties of the pandemic.

Throughout the year the performance of our core casework teams was an area where the effects of the pandemic continued to be felt directly. To address these concerns, and with the aim of putting our casework on a more permanently sustainable footing, we launched a Sustainable Casework Plan during the latter half of the year. Central to this plan was to get the full engagement of all staff in how we could all participate in meeting this challenge. By year-end we had already seen some early positive results, both in the processing of cases and a reduction in the number of unallocated cases we hold.

One of our core aims is to constantly look at ways to increase the awareness and understanding of our role, and to share the learning we gain from our investigations. Last year, this work included issuing a wide range of reports, delivering training courses, conducting interviews and speaking engagements, as well as participating in a range of public consultations and undertaking media related activity.

Last year we reviewed our current working arrangements, particularly our agile and flexible working practices. We wanted to make sure they were fit for purpose and matched

the needs of the business. We also wanted to future proof them, especially for balancing office-based and remote ways of working. The ongoing COVID-19 related restrictions meant we were unable to draw a full and firm set of conclusions about how we might work in future. We will continue to get the views and feedback from staff.

Some examples of achievements in delivering the Business Plan were:

- > We completed the major undertaking of launching our Online Complaints Service in February 2022. We anticipate this will generate significant benefits in how we manage incoming complaints, and in how people access our service. A greater proportion of new complaints now come through the new service. The system supports complainants on how and when to complain to us. This will reduce the amount of cases registered on our system but which we have to refer back to councils and care providers, giving our Intake Team more time to help those on the telephone who cannot complain online.
- > We will now look to further promote and develop the new service.
- > We completed the initial research and design work to maximise the impact of our casework through the better use of the intelligence we gain from our investigations, and by making more targeted and informed interventions. This enables us to better support local authorities and care providers to learn from complaints and help improve local services.
- > We developed our aim to be a high achieving organisation and to better define and express what it means to work for the LGSCO. Several initiatives combined to advance this work: developing a shared ambition statement; ensuring our vision is fully reflected in our procedures and documents, and that staff are fully aware of and understand our approach.

The work delivered through our [Business Plan](#) has helped us prepare for the future, and the challenges and opportunities it presents. It was again a demonstration of the professionalism, resolve and commitment of all our staff.

Recommendations to improve local accountability: the Triennial Review

LGSCO has a statutory responsibility to carry out a review every three years of the effectiveness of the complaints and accountability arrangements for local government and social care. This is important, particularly because we see some aspects of accountability becoming hamstrung by outdated legislation, rooted in a 1970s conception of public concerns which does not match contemporary public expectations. Evidence from our complaints, including those we are unable to investigate, shows that some still feel their voice is not being heard and local interests have been overlooked.

This year, we published a [Triennial Review](#) setting out the policy and procedural change that we think is needed to improve access to our service and the quality of local government and adult social care services within our jurisdiction. The Review was developed through engaging with key stakeholders and government, and consulting with organisations such as the Local Government Association, Lawyers in Local Government, the National Association of Local Councils and government departments such as the Department of Health and Social Care and DLUHC. We convened a Programme Board, which drew up and finalised the review following consultation.

Our Triennial Review set out a series of recommendations that cut across our areas of responsibility, from adult social care to

education and children's services, and the local government sector.

We asked for our legislation to be refreshed and renewed, to take into account the incremental changes in the sectors within our jurisdiction over recent decades, which would improve access to our service for those who need it most. The recommendations included:

- > Updating our legislation to make it clear we cover all relevant local government arrangements, providing easy access for the public to make complaints
- > Expanding our jurisdiction so it's clear we can consider complaints about all aspects of social care in every setting
- > Giving parents, pupils, and carers the right to an independent Ombudsman investigation of complaints that have not been adequately resolved by their school
- > Amending our remit to enable us to deal with legitimate complaints brought by concerned local citizens, where that person has not suffered personal injustice, but where injustice exists
- > Developing a pilot programme, working in partnership with local councils, to explore the practical challenges, viability, and resource implications of bringing the largest Town and Parish Councils within the Ombudsman's remit
- > Requiring all adult social care providers to signpost dissatisfied complainants to the LGSCO
- > Designating LGSCO as the statutory complaints standards authority for adult social care

The Review was published on 2 December 2021 and we have continued to engage with key stakeholders and government departments, including an appearance before the Levelling Up Housing and Communities Select committee to explain the recommendations in detail.

The three relevant government departments: DLUHC, the Department for Education, and the Department of Health and Social Care have said they are drafting a joint response to the Review which they hope to publish in the coming months.

LGSCO as a learning organisation

We are committed to taking every opportunity to learn from our experiences and use this to inform the way we develop our service. Some examples of how we achieved this last year are set out below.

Recognising individual contributions

The Exceptional Contribution Award scheme continues to be an important part of our total reward package, enabling the organisation to annually reward its best performers at all levels. In addition to this, our Recognising Great Work scheme provides more regular and real-time recognition for great work on a rolling basis throughout the year. Individuals and teams may be nominated by their manager or their peers for either of these awards.

We saw an unprecedented number of 56 awards for an exceptional contribution, reflecting the positive responses from many staff to the challenges and demands placed upon the organisation last year.

The profile of recipients demonstrate that these awards were generally in line with the makeup of the organisation and that, overall, the statistics show that the diversity of the organisation is, in general, reflected in the nominations and awards made.

Knowledge Management

We continue to keep our intranet subject guidance, training material and other resources, up to date and relevant, so caseworkers have the resources they need to make confident and robust decisions. Last year we reviewed [key documents](#) including our Guidance on Jurisdiction, Investigation Manual and Assessment Code/Manual to reflect process changes in our Sustainable Casework Plan. We clarified our jurisdiction about who can complain, about complaints involving volunteers, and gave clearer advice on our jurisdiction involving combined authorities. We made progress on a major review of our Guidance on Remedies, to be completed in 2022-2023. We also updated advice on managing challenging behaviours and our decision reasons manual.

Wellbeing at work

Last year we re-defined our wellbeing initiative. Working in collaboration with our wellbeing champions we have taken time to talk about what wellbeing means to us.

We believe that a sense of wellbeing is as crucial as having the skills, knowledge, and equipment to be productive and happy in a great place to work, and have identified six main areas to focus on:

- > Mental health
- > Physical health
- > Financial security
- > Learning
- > Giving/volunteering
- > Social

In recognising and supporting these areas, our aim is to create a great place to work, where colleagues feel comfortable to bring their whole self, to thrive and achieve their full potential.

We launched the 'Wellbeing Hive': a dedicated hub on our staff intranet highlighting resources and services that support wellbeing at work. We also established new staff support networks which can help allow staff to "be yourself at LGSCO". The networks launched so far are:

- > Minority Ethnic Staff Network
- > LGBTQ+ Network
- > Menopause Network

We have continued to prioritise the safety and wellbeing of our staff during the pandemic, providing equipment to support work from home. We ensured managers regularly held wellbeing conversations with their team members to understand how the pandemic is impacting their team members personally and what, if any, support we can provide.

Our Wellbeing Champions Network, which is open to all staff, has promoted events and activities throughout the year, including volunteering and giving, talk money week, learning week, and a range of social activities.

Building capacity within the organisation

We have continued to give more people the opportunity to take on developmental roles to stretch and challenge them, which builds our capacity and helps us with succession planning when the time comes. This has included: offering guidance and support through coaching; encouraging staff to lead major projects especially in new areas; and delegating authority more widely. This approach enables individuals to fulfil their potential sooner and ensures the organisation is well placed to deal with future changes.

For example, with thousands of cases each year telling stories of injustice and illustrating where improvements are needed, it is natural

to want to build experience among more of our staff to highlight important findings from the cases they are closest to. We have increased the number of managers and investigators, through training and support, who speak to the media about our casework. This has given us a greater range of diverse voices representing the public face of LGSCO.

We want all staff to find it easy to see what they can get involved in, even if they are not quite sure how they want to contribute to our broader work. This year, we particularly encouraged staff from all parts of the organisation to get involved in delivering our three-year plan, as a meaningful and practical way to broaden skills and experience, while injecting energy and new ideas into the plan's initiatives. As always, building our capacity is a two-way endeavour which benefits both the individual who wants to develop and the organisation which needs enthusiastic, skilled people involved at every level.

How we use technology

The projects undertaken last year consolidated work that started during lockdown on using technology to connect and collaborate in a safe and effective way. We continued to develop how we use video technology to share information between individuals and teams quickly and efficiently. We made incremental improvements to our network services and took steps to improve its security, particularly in the light of recent world events. We also carried out a major upgrade to our complaints management system in the Autumn, which has given us a range of new functions and the ability to connect seamlessly with our improved Online Complaints Service mentioned below.

Of particular importance, last year we significantly developed our online complaint offer. Our new Online Complaints Service massively extends the existing ability to register

a new complaint through our website, to an end-to-end self-service system. This gives complainants a dashboard to monitor the progress of their case, updates when they move through our investigation stages and a safe and secure way to communicate with our staff through messaging. It also improves the information provided at the outset about how to make a complaint, which should reduce the number of complaints made to us before the service provider has had an opportunity to respond, or where our staff signpost people to other organisations when we are not the appropriate place for them to approach. It also eliminates email as the primary form of communication, allowing for documents to be shared more efficiently. We will continue to develop and enhance this service to provide the best possible experience for our service users.

We also began piloting a single-device model of working that allows us to use technology in a more portable and efficient way to increase the stability and performance of our systems for our caseworkers.

Developing as a responsible corporate employer

Last year, as part of our membership of Business in the Community, a charitable organisation which engages its members to work together for a better society as responsible corporate employers, we had access to expertise, resources, and advice to further develop our organisation, including helping to promote diversity and inclusion and to redefine our wellbeing at work initiative.

We completed Business in the Community's 'Responsible Business Tracker', a performance tool to analyse what we are already doing as an employer and suggest how this might be improved, benchmarking with other organisations where it is relevant to do so.

Results from this exercise provided us with an overview of areas where we are performing well and areas where we can make changes or develop our policies and the way we do things.

Equality, Diversity & Inclusion at the LGSCO

The role of the [Equality, Diversity and Inclusion](#) group is to ensure that the LGSCO promotes equality across all protected characteristics and considers all forms of discrimination.

Last year we focused on four main areas to promote the LGSCO's equality duties:

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

Last year we:

- > Introduced an awareness calendar celebrating differences and promoting inclusivity
- > Adopted a process to make interview panels more representative
- > Rolled out Let's Talk About Race sessions to all staff
- > Developed and launched casework guidance on human rights and equalities
- > Introduced new support networks for staff
- > Launched a reverse mentoring scheme

Joint working with other bodies

Collaborating with other bodies is essential to our success and the success of others. We do this to help disseminate new ideas, share skills and resources, encourage positive change and innovation, share the intelligence from our casework and maintain practical arrangements with other ombudsman schemes to improve access for the public, helping to explain which body they need to contact for assistance.

We regularly review our working arrangements with other bodies in light of changing policy priorities, remits and opportunities. Last year this influenced our approach to a wide range of stakeholder bodies including: the DLUHC, the Housing, Communities and Local Government Select Committee, the Department for Education, the Department for Health and Social Care, the Local Government Association, the National Audit Office, the Care Provider Alliance, Lawyers in Local Government and the National Association of Local Councils.

Some examples of ongoing joint work are outlined below.

The Care Quality Commission

We have established partnership working arrangements between the LGSCO and the health and social care regulator, the Care Quality Commission (CQC), including regular senior-level meetings.

An Information Sharing Agreement and Memorandum of Understanding are in place which enables the timely sharing of information. Where we find there has been a breach of fundamental standards (the standards below which care must never fall) we send CQC a copy of our final decision. This information is used by CQC to identify risk, inform inspections, and highlight national and regional trends.

Historical cases of poor care have shown the importance of how care providers learn from complaints, take appropriate action, and identify service improvements.

We work together to ensure that individual callers to either organisation are directed to the right place. Last year CQC, having gathered relevant intelligence for regulatory matters, signposted approximately 4,000 callers to the LGSCO for their individual complaint to be considered.

Ofsted

Our working arrangements with Ofsted remain positive and robust. We continue to engage positively to ensure our upheld decisions are shared. These provide invaluable intelligence to help inform inspection priorities.

The Housing Ombudsman

LGSCO continues to work closely with the Housing Ombudsman Service, which looks at complaints about certain housing matters, particularly complaints about local authorities acting as social housing landlords. We already have clear information on our website explaining which Ombudsman deals with which issues, and a memorandum of understanding specifying how we work together and interpret our organisations' jurisdictions.

Last year we agreed to develop a joint 'Code for Good Complaint Handling' with the Housing Ombudsman and started developing how this would look. This will set out the core principles, standards and expectations for local authorities on how to handle all non-statutory complaints. Our aim is that the new Code will be accompanied by a simple self-assessment process requiring councils to confirm they are adhering to these basic standards.

The Parliamentary and Health Service Ombudsman

We continued to collaborate with the Parliamentary and Health Service Ombudsman (PHSO) in many ways: sharing information and working together on issues of joint concern, reflecting on our response to and experience of COVID-19, and discussing our longer-term plans and key challenges.

Health and social care are both vital day-to-day services provided to some of our most vulnerable citizens and despite efforts to join them up, there are still stories of people falling through the cracks between different systems. At the very least, people should not have to re-tell their story every time they encounter a problem, simply because different parts of the system do not share information seamlessly. This is why we set up the joint team with PHSO to handle complaints which span both health and social care systems; where the apparent failings are not limited to one body but involve two or more different bodies who should be working together but appear not to be doing so. Each member of the joint team has experience and training of investigations into health and social care systems and has the delegated authority of both Ombudsmen to look at any relevant matters, irrespective of whether they relate to health or social care. In this way, we are able to look at all relevant issues 'in the round', with our focus on the personal experience of the person making the complaint. The team is hosted and managed by LGSCO but its work is overseen by both organisations and work towards shared key performance indicators.

Advisory forum

The LGSCO has an established independent advisory forum, comprised of members of the public who have used our service, and some representatives from councils and the advice and advocacy sectors. They are invited to comment on their own experience of our service and give views on proposed changes, providing additional challenge and feedback about our work.

The current panel took part in two research activities last year, both done remotely. They tested the new version of our Online Complaints Service and reviewed and discussed some of our public information on what we can and cannot investigate. The feedback gave us many suggestions for improvement which we have taken forward.

Health and Social Care Regulators' Forum

LGSCO continued to play a part in this forum which brings together a number of national bodies who have a remit to oversee certain aspects of health and social care. It includes sharing information and updates, identifying areas for collaboration and overseeing the Emerging Concerns Protocol to help identify and respond to any serious sector concerns.

Last year we contributed to the forum's COVID-19 sub-group, providing regular updates on the work of our COVID-19 team in investigating adult social care complaints, both in terms of volumes of work and the outcomes. The findings of our focus report, [Unprecedented pressure: learning from complaints about council and care provider actions during the COVID-19 pandemic](#) (published in February 2022) also contributed to learning for the sub-group.

The Ombudsman Association

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

Ongoing impact of COVID-19

We continued to comply with Government advice throughout the year. For example, all our offices were risk assessed to ensure they were fully COVID-19 compliant, and when the Government's advice was to work from home if able to do so, our advice to staff reflected that position. This meant that most of our staff continued working from home for large parts of the year.

Impact on our operational work

We did not suspend our casework for any period this year (as we did during the first wave in 2020-21) when further restrictions came into effect. This was primarily because organisations had adapted their ways of working to the new landscape.

The legacy of COVID-19 has been a backlog of cases which we have struggled to process as quickly as we would like. While not suspending our casework, we still experienced, like everybody else, reduced staff capacity at times due to caring responsibilities etc. In addition to this, many organisations took longer to respond to our enquiries, which impacted on our investigations.

This led us to develop a plan to get our casework back onto a sustainable footing for the long-term – not just clearing the immediate

backlog – by ensuring we continue to focus on all areas of casework, including maximising its impact by sharing the learning from our investigations.

The plan was about doing “more for most people” by looking at how we use our resources to best effect, focusing on cases where there is a wider public interest and where injustice is greatest. This included reviewing our approach to using our discretion to decide which cases to investigate in detail. We also looked at where it was possible to improve performance within our current processes by keeping our arrangements as streamlined as possible, reducing any unhelpful complexity that may have crept in over the years. Through the combined efforts of our staff, by the end of the year our plan had begun to bring about noticeable improvements in reducing the overall number of complaints waiting to be looked into, and the times taken to reach decisions, without reducing the quality of our service.

COVID-19 complaints

Last year we dealt with more than 900 complaints involving COVID-19, of which nearly 650 were ones where the COVID-19 legislation and guidance was central to the matter complained about. We carried out around 570 detailed investigations. The most common types of complaints included how councils had administered grants for businesses affected by the pandemic, problems delivering home and residential care, how school admission appeal panels operated and failures to provide special educational needs provision in Education, Health and Care plans.

Taking a consistent approach to COVID-19 casework

In February 2022 we published a [major focus report](#) pulling together learning from our investigations into complaints that involved COVID-19. Covering the first 18 months of our investigations it drew out learning points for councils and care providers – framed against the six areas of good administrative practice for working in a crisis which we issued in the early weeks of the pandemic. The report drew on over 90 case studies and concluded that, by and large, organisations weathered the unprecedented pressures they were under. But when things went wrong it had serious impacts on people's lives. The report drew particular attention to the accelerated erosion, for some organisations, of effective complaint handling. Dealing with public concerns and complaints became casualties of the crisis. The report pulled this, and other lessons out for organisations overview and scrutiny panels to consider in lessons-learnt reviews. It will also be submitted to the national public inquiry.

Throughout the pandemic we maintained the COVID-19 team of investigators focused on complaints involving COVID-specific legislation and guidance. This was to ensure a consistent approach to rapidly changing practice. The team (drawn from volunteers mixing COVID with normal caseloads) has been highly successful. By the end of the year, in March 2022, it remained in place, albeit with a reduced caseload. This recognises that it can sometimes take a considerable time for complaints to make it through local resolution and reach us, particularly in adult social care and joint health and social care matters.

Statement of Commission's and Accounting Officer's Responsibilities

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

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

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

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

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

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

Governance statement

The Commission for Local Administration in England: membership and responsibilities

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

The Commission is responsible for:

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

During 2021-22, Michael King, the Local Government and Social Care Ombudsman, chaired Commission meetings. Rob Behrens CBE was an *ex officio* Commission member as part of his role as the Parliamentary and Health Service Ombudsman. As well as these two Commission members, there were three independent advisory members of the

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

The Ombudsman

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

The governance of the Commission and the Local Government Act 1974

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

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

The work of the Commission

Commission and committee attendances in 2021-22 are shown below.

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

* The Commission Chair attends meetings of the Audit and Risk Assurance Committee when required in an advisory capacity.

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

- > progress made against the annual business plan
- > our performance measured by key performance indicators
- > progress on quality and service standards
- > expenditure against the agreed budget
- > a range of reports on key issues including measures taken during COVID-19 and other matters the sector and related bodies face

The Commission receives reports that provide it with the information required to get a holistic view of the organisation. The Commission also oversees strategic risk, advised by the Executive Team and the Audit and Risk Assurance Committee.

Before formal business meetings, the Commission has a focused discussion workshop session, looking at issues pertinent to its work or identified by the Commission as being of interest. Over the year, these workshop sessions included:

- > How the IT Team supports the Three-Year Plan
- > Intake: lessons learned during COVID-19 and looking to the future
- > Sustainable Casework Plan: To put LGSCO's casework on a sustainable basis
- > Improving Outcomes: Maximising the impact of our casework through the learning from complaints

Commission members also attended a meeting with LGSCO managers in which the members helped to develop the new business plan.

Commission and committee performance

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

In terms of individual and collective performance, the Commission considered a report on Board Effectiveness at their April 2021 meeting. To contribute to this report, members completed a self-assessment questionnaire late 2020-21. Responses from the questionnaire were used to inform individual one to one meetings with the Chair, Michael King, where they discussed board effectiveness and any support LGSCO could provide to help individuals' continued learning and to promote best practice. Feedback was also sought from external attendees to Commission and committee meetings.

Quality standards

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

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

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

At the beginning of last year, we continued to feel the impact of COVID-19 on our staff and our casework. We had a significant backlog of cases. We introduced a Sustainable Casework Plan to reduce our casework backlog, while at the same time ensuring we maintained the quality, timeliness and impact of our work. We maintained adherence in the majority of areas and improved in others.

At the end of the year, 26 ratings were green, five were amber and two were red. The performance indicators are set at a challenging level, to help the organisation focus its efforts where they are most needed. The two red ratings were regarding our customer satisfaction measures. We asked whether customers felt our service was easy to access, and whether they felt we dealt with their cases promptly. Both red ratings appeared to have been affected by the delay caused because of our backlog, and subsequently our efforts to reduce our backlog which meant we had to concentrate our efforts on those cases where we could do more. Some customers had not realised how long a case might take at the detailed investigation stage, even though we are meeting our published time standards. As we continue to reduce our backlog, and as we improve our communication to customers about how long our processes can take and that we do not investigate all cases, we hope to improve these two customer feedback standards.

Principles of public life

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

Register of interests

Members of the Commission and LGSCO's senior executives are required to complete a declaration of interests disclosure form. A register of all interests is published on the LGSCO website. In 2021-22, there were no conflicts of interest that might compromise LGSCO's independence or reputation. Details of members' interests are available on the register of interests at <https://www.lgo.org.uk/information-centre/about-us/who-we-are/our-boards/commission>

Staff survey

We carried out our third staff survey with the market leader Great Place to Work (GPTW), who we chose based on a desire to make the survey more collaborative, giving us a clearer picture on what matters most to staff over a three-year period. While we now have three years of insight, the unusual 'COVID-19' circumstances of lockdown in the middle year and emerging to find a new way of working in this last year, have made analysing the results against a consistent backdrop more challenging. In many ways, we deemed it more relevant to compare last year's results with those of the 2020 base year.

Our 2021-22 survey ran in February with a response rate which continued to be extremely high at 89%, giving us confidence that the results are truly representative.

Our survey measures relationships and focuses particularly on trust and engagement. The Trust Index measures how much we trust the people we work with – from colleagues to line managers to the senior team. Our Trust Index was 76%, slightly lower than last year but an increase on our 2020 base year of 73%. The Engagement Index has remained at the 2020 base year level of 76%, a drop from last year.

Over the three years, wellbeing has been a priority focus for us. The Wellbeing Index was 70%. While lower than last year's COVID-19 lockdown score, this has increased from our 2020 base year score of 67%.

And when asked directly, 80% of people said they felt this is a great place to work – a little lower than last year but at the same high level as the base year in 2020.

Scores in 12 of the 19 categories increased when compared to the 2020 base level, with two remaining the same and 5 being lower. It was encouraging to see improvements in the areas we focused on during the three years, such as wellbeing, recognition, talent management communication and involvement and management values and behaviours. One noticeable drop this year was 'reward', perhaps reflecting the external financial climate we are currently experiencing.

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

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

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

The Audit and Risk Assurance Committee: membership and responsibilities

The Audit and Risk Assurance Committee advises the Commission and Accounting Officer. Deep Sagar is an independent member of the Commission and the Chair of the Audit and Risk Assurance Committee. Prof. Stephen Perkins and Frances Harrison are the other members of the Committee. The Commission Chair attends meetings of the Committee when required in an advisory capacity. The Accounting Officer, Director of Intake and Investigation, Head of Finance and representatives of our internal and external auditors also attended Committee meetings. Minutes of meetings, including any recommendations, and the Committee's annual report, are reported to the Commission. At every meeting, the Committee consider what issues or matters, if any, the Committee should take forward to the Commission.

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

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

The Committee met three times in 2021-22. The HM Treasury Audit and Risk Assurance Handbook and the good practice principles inform the duties of the Committee.

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

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

The Committee undertook 'deep dives' into areas of business in which it wanted to obtain further understanding. The Committee examined the Ombudsman Association Service Standards Framework. The Committee discussed the importance of making sure users' perspective was at the forefront of developing our online focus. The Committee looked at the complainant's first contact with the organisation and how LGSCO aimed to get each case as quickly as possible to the right part of the organisation.

The 2021-22 internal audit plan contained two agreed audits and a piece of advisory work. The details of audit work, and associated assurance opinions, are set out in the table in the Internal Audit section.

In addition to monitoring audit recommendations at its meetings, the Committee also received regular reports on fraud and other financial matters, such as the percentage of suppliers paid on time, the number of retrospective purchase orders raised and special payments. The Committee also received annual reporting about Gifts and Hospitality, and Whistleblowing.

The Annual Fraud Assurance Exercise was completed by the Leadership Team in February 2022, led by the Accounting Officer and the Head of Finance. The exercise involved managers from Leadership Team looking at key business risks and reviewing whether they are effectively managing risk, adhering to the Fraud and Bribery Policy including non-financial fraud, bribery and corruption, and are complying with financial regulations and financial instructions.

Managers confirmed there were no significant areas of concern and gave assurance there were no incidents of fraud or bribery during 2021-22. The minutes recorded manager assurance they had no material concerns about the operation of LGSCO controls in relation to fraud, bribery, financial control and risk. The Whistleblowing policy was highlighted again as part of the annual fraud assurance. Staff were reminded in March 2022 of the policy, its application and where they can access the information.

The Audit and Risk Assurance Committee produced an annual report on its work, which was presented to the Commission. The Committee reported there were no significant issues arising this year. The Committee also reviewed the draft Annual Accounts for 2021-22, including this Governance Statement, and submitted comments on these before their approval by the Commission. The Committee was pleased the accounts were completed on time and in accordance with the agreed NAO timetable.

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

service provided by the NAO as external auditor.

In absence of the NAO finalising the 2021-22 annual report and accounts, the Committee's opinion takes into account all the evidence received to date. The Committee considers the evidence to be enough for them to recommend that the Accounting Officer can rely on and be satisfied the control framework, governance arrangements and risk management processes are operating properly and sufficient for the Commission's needs.

Internal Audit

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

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

The audit of LGSCO's IT Support Function Management considered the risks relating to the resource and focus of the IT support function in being able to support both current and future business needs and initiatives.

The Payroll audit work involved LGSCO's use of the external Cascade system for processing payroll. The review used sample testing to confirm that established procedures were in

place for the processing of payroll payments through the external service provider.

The Three-Year Leadership Plan advisory work assessed the approach in developing the plan. The framework, governance and reporting arrangements were examined. The plan was well embedded across LGSCO with all staff aware of the aims. A further audit would be conducted at the end of the three-year period to give an independent view on whether the organisation achieved what it set out to do.

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

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

Audit	Assurance level
IT Support Function Management	Substantial
Payroll	Substantial
Three-Year Leadership Plan (advisory)	N/A

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

Based on the work undertaken in 2021-22, the Head of Internal Audit provided the Audit and Risk Assurance Committee with an overall assurance assessment at its 26 May 2022 meeting. We received the highest assurance level – the organisation has an adequate and effective framework for risk management, governance and internal control.

The Management of Risk

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

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

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

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

The risk rated Red – not having the resources or people to do our job – has been highlighted to DLUHC which is responsible for setting our budget. This remains our most significant pressing concern, as we currently face increasing challenges in fulfilling our statutory functions as a result of operating with a significantly reduced budget over recent years despite increased demand, and higher operating costs entirely beyond our control.

The risks rated Amber relate to our ability to arrive at timely and accurate decisions on all our casework. Whilst significant efforts have been made to reduce the amount of time taken to make decisions, the courts are currently considering our approach to two long established issues regarding the way in which we interpret our enabling legislation which will have wider implications for us if deemed in some way to be flawed.

Information security

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

We maintained an overview of our policies and procedures to ensure they are fit for purpose, responding to incidents and ensuring any learning is implemented across the organisation. Regular updates were provided to staff about information security matters, including any process changes and reminders arising from identified learning.

The Information Working Group met three times during the year. The group reviewed and updated the risk register. Any new issues regarding data protection were also considered and recommendations made. We introduced a new Information Sharing Manual as guidance for our staff of how to do this while not disclosing third party information.

While the number of requests we received for Data Protection rights such as erasure and rectification decreased in the year, requests received for access to someone's personal data and Freedom of Information increased from just under 300 to over 350 – closer to pre-COVID levels.

Through the Information Working Group we reviewed potential data security incident reports, identifying learning and implementing individual and organisation-wide changes. The Group has also kept a focus on any data breach risks from our casework, amending policy and process where any new vulnerabilities were noted, and ensuring staff were reminded of specific areas of policy.

We chose to self-report one information-related breach to the Information Commissioner which affected one individual. A second case was notified to us by the Information Commissioner, concerning sharing data with a representative. In both cases the Information Commissioner was satisfied with our actions in response to these breaches.

The Remuneration and Appointments Committee: membership and responsibilities

The Commission's Remuneration and Appointments Committee advises and makes recommendations to the Commission, its Chair and its Accounting Officer on the appointment, performance management and remuneration of senior staff within the organisation, and the reward schemes for other staff. The Committee also provides insight and support on people development, succession planning across the organisation, Equality, Diversity and Inclusion matters and staff wellbeing.

The Committee met three times in 2021- 22, chaired by Prof. Stephen Perkins. Deep Sagar, Frances Harrison, and Michael King, Chair of the Commission, are members of the Committee. The Accounting Officer and colleagues from HR attended all meetings, in an advisory capacity to provide advice and expertise unless matters were regarding their own remuneration.

Over the course of the 2021-22 year, the Committee:

- > considered performance management, staff development and succession planning throughout the year, providing support and advice
- > received an update from the Equality, Diversity and Inclusion Group at each meeting, providing strategic direction and support, delegated by the Commission

- > reflected on the application of the Exceptional Contribution Award Scheme ensuring the scheme procedure was followed to ensure fair, consistent application of the scheme
- > had oversight of the 2021 Staff Survey and progress made in delivering action based on the priorities identified from the results
- > received information about employment relations including the arrangements for the Local Joint Committee
- > considered the development of the Promoting Opportunities initiative as a way of supporting capacity building in a fair and consistent manner across the organisation

Adherence to Ombudsman Association service standards

LGSCO played a leading role, along with others in the Ombudsman Association, to share best practice and help Ombudsman schemes benchmark effectively by developing a common framework of service standards. When the Ombudsman Association first launched this framework we were amongst the first bodies to implement it and the results are published on our website. During 2021-2022 we carried out a full review of our adherence to the framework and published the positive outcomes on our website. The Audit and Risk Assurance Committee and External Reviewer considered the outcome of our review.

Independent external reviewer

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

Professor Cosmo Graham is our independent external reviewer. He is Emeritus Professor of Law at the University of Leicester. He has a long-standing interest in improving customer service in the public sector and has carried out empirical research into private sector Ombudsmen. He has also been a member of the Competition Commission where he considered a number of highly contested merger and market inquiries.

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

Statement from the External Reviewer

"I was appointed as the External Reviewer for the Local Government and Social Care Ombudsman in 2020 as the successor to Mr Graham Manfield who had been in post since 2014. My role is to look at a sample of service complaints, report on how well the Ombudsman responds to them, identify good practice and make recommendations if necessary. My reviews and recommendations are intended to reflect a user-led vision of the Ombudsman's service and are considered as part of the Ombudsman's quality assessment processes to promote wider service improvement and learning."

"I undertook twenty case reviews in August 2021 and February 2022, ten in each month. This was out of a total of two hundred and seventy-four complaints against the Local Government and Social Care Ombudsman (LGSCO) which is a sample of about seven per cent of the complaints. The cases that I review are chosen to represent all the stages of the LGSCO's processes, from Intake to Investigation. Within this constraint, the cases that I review are chosen randomly. I found that in all twenty cases the complainant's concerns had been taken into account appropriately by the managers. I had only one recommendation to make this year. This related to ensuring the storage of telephone call recordings which were part of a service complaint and was accepted."

"I have found it very useful to listen to the recordings of conversations between complainants and LGSCO staff as this gives me a better insight into the interaction. In all the conversations that I have listened to, LGSCO staff have been clear, patient and understanding. All the complaints that I reviewed were dealt with within the published timescales. Most of them were dealt with very quickly, which is an

important part of good customer service. The responses to complaints are well-written, clearly explain the reasoning behind the decision and polite.

"In addition to my normal work, I also reviewed the internal LGSCO paper which benchmarked LGSCO practice against the Ombudsman Association Service Standards Framework. I also had one meeting with the Commission for Local Administration to introduce myself and my role and to discuss my review of the internal paper and feedback on service standards.

"My thanks go to the Ombudsman's staff for their help in providing me with all the information that I have requested.

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

Professor Cosmo Graham
External Reviewer

Conclusion

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

I am satisfied that LGSCO has managed its resources effectively throughout the year, and these resources have been properly focused on delivering a high-quality service which meets our statutory responsibilities, our long-term strategic objectives, and the priorities which are published in the organisation's 2020-21 business plan. I can confirm that the systems in place to identify risks are fit for purpose and have enabled us to ensure we have identified and acted on the significant challenges arising this year in a timely way, as well as mitigating the impact wherever it has been possible to do so. Finally, I am grateful to all of our staff for their continued commitment to deliver an excellent service during challenging times.



Nigel Ellis
Chief Executive Officer
12 December 2022

Remuneration and Staff Report

Remuneration and Appointments Committee

The Remuneration and Appointments Committee met three times during the 2021-22 financial year and the committee's activities are reported to the Commission.

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

- > Prof. Stephen Perkins
- > Deep Sagar and,
- > Frances Harrison.

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

Remuneration Policy

For 2021-22 a 1.75% pay award was granted with effect from 1 April 2021 (2020-21 - 2.75%).

Ombudsman

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

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

Ex officio Commissioner

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

Advisory Members

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

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

Senior staff

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

Chief Executive

The Chief Executive has base pay analogous to Senior Civil Service Band 1 and in addition a London weighting based on the National Joint Council for Local Government (NJC) is paid. Movement up the pay band is by annual consolidated awards on base pay. The percentage increase is recommended by the Chair of the Commission to the Commission's independent Remuneration Committee based on government pay policy, the Senior Salaries

Review Body recommendations and individual performance. Performance-related bonus payments can also be awarded. These are non-consolidated but pensionable. These arrangements operate within the guidance provided by the DLUHC for pay for senior civil servants and the Ombudsman and Remuneration Committee will take full account of those requirements when reaching a decision on pay and bonus.

Directors

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

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

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

		2021-22				2020-21			
Name	Position	Salary £000	Bonuses £000	Pension Benefits £000	Total £000	Salary £000	Bonuses £000	Pension Benefits £000	Total £000
Michael King	Ombudsman and Chair	145-150	-	72	220-225	135-140	-	40	175-180
Nigel Ellis	Chief Executive	105-110	5-10	23	135-140	105-110	5-10	40	155-160
Paul Conroy ²	Director of Intake and assessment	80-85	-	15	95-100	80-85	-	35	115-120
Karen Sykes ²	Director of Investigation	70-75	-	11	80-85	65-70	-	34	100-105

Notes:

1. There were no Benefits in Kind paid in 2021-22 (2020-21: £nil)
2. The Director of Intake and Assessment and the Director of Investigation roles are on the same spinal point on the pay scale. The salary for the roles differ because the Director of Investigation is part-time and the Director of Intake and Assessment is full time and also includes a London weighting uplift.

Senior Staff Salaries and Bonuses

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

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

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

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

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

	Total accrued pension at 65 & related lump sum	Real increase/ (decrease) in pension & lump sum at pension age	CETV ¹	CETV ¹	Real increase in CETV
	at 31/3/22	2021-22	at 31/3/22	at 31/3/21	2021-22
	£000	£000	£000	£000	£000
Michael King	70-75	2.5-5.0	1,237	1,195	6
	Lump sum 100-105	2.5-5.0			
Nigel Ellis	20-25	0-2.5	350	304	36
	Lump sum -	-			
Paul Conroy	25-30	0-2.5	443	402	29
	Lump sum 20-25	(2.5)-0			
Karen Sykes	30-35	0-2.5	562	515	32
	Lump sum 45-50	(2.5)-0			

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

Staff costs (audited by the Comptroller and Auditor General)

	2022 £000	2022 £000	2022 £000	2021 £000
	Permanently employed staff ³	Others	Total	Total
Wages & salaries	8,204	-	8,204	8,026
Social security	916	-	916	897
Other pension costs ¹	1,280	10	1,290	1,259
	10,400	10	10,410	10,182
Temporary staff	-	2	2	9
Redundancy costs	-	-	-	-
	10,400	12	10,412	10,191
Indirect staffing costs ²	99	-	99	102
Total	10,499	12	10,511	10,293

1. This includes £9,929 (2020-21 £11,626) relating to pension payments to a retired Local Government Ombudsman and a surviving widow.
2. This is related to training costs, payroll bureau fees and staff recruitment costs.
3. Staff costs include the Ombudsman

Staff numbers

At the end of March 2022, the Commission employed 193 FTE (excluding the Ombudsman):

	Male	Female
Senior Civil Service equivalents	1	-
Directors	1	1
Employees	67	123
Total	69	124

Staff numbers (audited by the Comptroller and Auditor General)

Average number of full time equivalent staff employed:	2022	2021
Permanently employed	188	185
Other*	0	0
	188	185

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

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

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

There were no redundancies or departure costs in 2021-22 (2020-21 number 0, cost £nil).

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

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

Off payroll engagements

There were no off payroll engagements in the year.

Consultants

Consultants are employed when it is better value for money to do so on specific projects when specialised skills are required. During the year, the total expenditure on consultants was £4,905 (2020-21: £3,300).

Sickness absence data

During the year 1,468 working days were lost through sickness absence (2020-21: 1,074). This equates to 7.8 days per full time equivalent employee (2020-21: 5.8 days) and compares to a public sector average in 2021 of 10 days (as reported by XpertHR, May 2022).

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

In 2021-22, no employees (2020-21: nil) received remuneration in excess of the highest-paid Commission member. Remuneration ranged from £21,548 to £149,459 (2020-21: £21,581 to £140,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. All employees are paid above the living wage rate (see chart on following page).

Percentage change of salaries and allowances and performance related pay and bonuses of the highest paid Director and all Employees (excluding highest paid Director)

	Highest paid director		All employees (excluding highest paid director)	
	2021-22	2020-21	2021-22	2020-21
Salary and allowances ¹	7.3%	0.0%	0.6%	2.9%
Performance pay and bonuses	0.0%	0.0%	35.1%	0.8%

Pay ratios

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021-22	3.98 : 1	3.43 : 1	3.11 : 1
2020-21	3.66 : 1	3.09 : 1	2.85 : 1

Percentile pay and benefits

	2021-22 Total pay and benefits	2021-22 Salary component	2020-21 Total pay and benefits	2020-21 Salary component
25th percentile	37,052	37,052	37,594	37,594
Median	43,017	43,017	44,528	44,528
75th percentile	47,498	47,048	48,245	48,245

Range of Remuneration

	2021-22	2020-21
Highest paid employee ¹	149,459	140,000
Lowest paid employee	21,548	21,581

1 – The highest paid individual is the Local Government and Social Care Ombudsman. His salary had mistakenly not been increased in line with his terms of appointment since 2017, but was cumulatively corrected in April 2021. The 7.3% increase represents five years of inflationary increase and is, therefore, not directly comparable with the average staff increase of 0.6%. The Ombudsman waived his right to the contractually due backdated salary increase covering the period April 2017 to March 2021.

The increase in the pay ratios in comparison to the previous year is primarily due to the correction in the Ombudsman's Salary as stated in Note 1 above. In addition, the absolute values of the percentile and median salaries in 2021-22 have all decreased compared to 2020-21 due to the loss of several experienced staff at the top of the pay scale, replaced by new staff starting at the bottom of the pay scale, and this has also had the effect of increasing the ratio.

The Directors believe that the median pay ratio is consistent with the pay, reward and progression policies for LGSCO's employees taken as a whole.

The banded remuneration of the highest paid Commission member in 2021-22 was £145,000-£150,000 (2020-21: £135,000-£140,000). This was 3.4 times (2020-21: 3.1) the median remuneration of the workforce, which was £43,017 (2020-21: £44,528).

Gender Pay disclosures

LGSCO voluntarily carries out gender pay reporting. This year we are taking a step further by providing ethnicity pay data. At 31 March 2022, the pay gaps are as follows:

At 31 March 2022, there is a mean Gender Pay Gap of +12.1% (2021: +11.1%) and a median Gender Pay Gap of +8.0% (2021: +6.7%) between our male and female employees. The Mean Bonus Gender Pay Gap is +43% (2021: +44.4%) and the Median Bonus Gender Pay Gap is nil (2021: nil).

	Gender (known for 100% of organisation)		Ethnicity (known for 93% of organisation)	
Mean pay gap	12%		7%	
Median pay gap	9%		7%	
Mean bonus pay gap	43%		27%	
Median bonus pay gap	0%		0%	

	Male	Female	White	Black, Asian and Other Minority Ethnic
Proportion receiving a bonus payment	32%	42%	40%	22%
Proportion in each quartile band				
Upper	44%	56%	90%	10%
Upper middle	60%	40%	88%	12%
Lower middle	37%	63%	77%	23%
Lower	19%	81%	80%	20%
Average over all bands	35%	65%	84%	16%

Trade Unions

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

	Number	FTE
Employment of relevant union officials during the year	8	7.8

% of Time	Number
0%	-
1% to 50%	8
51%-99%	-
100%	-

Total cost of facility time	£4,994
Total pay bill	£10,375,000
% total paybill spent on facility time	0.048%

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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Employment of People with Disabilities

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

We work to remove barriers to employees with disabilities and those with long term health conditions to enable them to perform.

LGSCO has developed reasonable adjustment guidance so that managers are aware of their responsibilities for employees with disabilities. We aim to ensure our decisions are informed by occupational health advice and medical advice.

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

Advisory Members' Remuneration (audited by the Comptroller and Auditor General)

The remuneration of the Advisory Members is as follows:

	2021-22 Total remuneration	2020-21 Total remuneration
Carol Brady Advisory member (left 30 June 2020)	£0	£1,250 (including £0 expenses)
Prof. Stephen Perkins Advisory member	£5,189 (including £189 expenses)	£5,000 (including £0 expenses)
Deep Sagar Advisory member	£5,328 (including £328 expenses)	£5,000 (including £0 expenses)
Frances Harrison Advisory member (Appointed 1 July 2020)	£4,500 (including £0 expenses)	£4,500 (including £0 expenses)

Parliamentary Accountability & Audit Report

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

During the year no losses or special payments were made (2020-21: £nil).

Gifts and hospitality (audited by the Comptroller and Auditor General)

LGSCO's policy is to not accept any gifts, hospitality or benefits from third parties which might be seen to compromise the personal judgement or integrity of our members or staff. All gifts or hospitality received, not trivial in nature, are recorded in a register. In 2021-22, no gifts or hospitality were received or offered that contravened the Commission's policy or were of an exceptional value.

Throughout 2021-22, staff provided details to the Committee and Governance Clerk who updated the register as and when required. The register is published on the LGSCO website at: www.lgo.org.uk/information-centre/about-us/who-we-are/our-structure

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

The Commission does not have any remote contingent liabilities. (2021: none)



Nigel Ellis

**Accounting Officer and
Chief Executive**

12 December 2022

The independent auditor's report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of the Commission for Local Administration (operating as the Local Government and Social Care Ombudsman) for the year ended 31 March 2022, which comprise the:

- > Statement of Financial Position as at 31 March 2022;
- > Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- > the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- > give a true and fair view of the state of the Local Government and Social Care Ombudsman's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- > have been properly prepared in accordance with the Framework document agreed between the Secretary of State for Communities and Local Government and the Commission for Local Administration in December 2017 and directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Local Government and Social Care Ombudsman in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Local Government and Social Care Ombudsman's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Local Government and Social Care Ombudsman's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Commission and the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Local Government and Social Care Ombudsman is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's report. The Commission and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except

to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual.

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

- > the parts of the Accountability Report subject to audit have been properly prepared in accordance with the Government Financial Reporting Manual;
- > the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the requirements of the Government Financial Reporting Manual.

Matters on which I report by exception

In the light of the knowledge and understanding of the Local Government and Social Care Ombudsman and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- > I have not received all of the information and explanations I require for my audit; or
- > adequate accounting records have not been kept by the Local Government and Social Care Ombudsman or returns adequate for my audit have not been received from branches not visited by my staff; or
- > the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- > certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- > the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Commission and Accounting Officer for the financial statements

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

- > maintaining proper accounting records;
- > the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- > ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- > internal controls as the Commission and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- > assessing the Local Government and Social Care Ombudsman's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commission and the Accounting Officer anticipates that the services provided by the Local Government and Social Care Ombudsman will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- > the nature of the sector, control environment and operational performance including the design of the Local Government and Social Care Ombudsman's accounting policies;
- > Inquiring of management, the Local Government and Social Care Ombudsman's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Local Government and Social Care Ombudsman's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Local Government and Social Care Ombudsman's controls relating to the Local Government and Social Care Ombudsman's compliance with Managing Public Money;
- > discussing among engagement team and involving relevant external specialists, including in relation to pensions, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within of the Local Government and Social Care Ombudsman for fraud and identified the greatest potential for fraud in the following areas: posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Local Government and Social Care Ombudsman's framework of authority as well as other legal and regulatory frameworks in which the Local Government and Social Care Ombudsman operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Local Government and Social Care Ombudsman. The key laws and regulations I considered in this context included Managing Public Money and Employment Law.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- > reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- > enquiring of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- > reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and

- > in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

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

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

Gareth Davies
13 December 2022

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

Statement of Comprehensive Net Expenditure for the year ended 31 March

	Note	2022 £000	2021 £000
Operating income	3	(56)	(29)
Operating expenditure			
Staff costs	4.1	10,511	10,293
Pension loss	4.2	2,925	1,645
Accommodation costs	5.1	1,009	947
Office expenses	5.2	533	432
Professional costs	5.3	448	540
Depreciation & amortisation	7&8	76	76
Meeting & travel costs		14	7
Total operating expenditure		15,516	13,940
Net operating expenditure		15,460	13,911
Net interest costs	6	796	581
Net expenditure for the year		16,256	14,492
Other comprehensive expenditure Items which will not be reclassified to net operating costs			
Pension fund actuarial loss/(gain)	13g	(17,594)	12,889
Total comprehensive expenditure		(1,338)	27,381

The notes on pages 74 to 92 form part of these accounts.

All activities are continuing.

Statement of Financial Position

as at 31 March

	Note	2022 £000	2021 £000
Assets			
Non-current assets			
Plant & equipment	7	29	26
Intangible assets	8	158	178
Total non-current assets		187	204
Current assets			
Trade & other receivables	9	367	376
Cash & cash equivalents	10	3,678	3,212
Total current assets		4,045	3,588
Total assets		4,232	3,792
Liabilities			
Current liabilities			
Trade & other payables	11	(1,662)	(1,377)
Provisions	12	(229)	(209)
Total current liabilities		(1,891)	(1,586)
Total assets less total current liabilities		2,341	2,206
Non-current liabilities			
Pension scheme net liability	13e	(26,603)	(40,476)
Total non-current liabilities		(26,603)	(40,476)
Assets less liabilities		(24,262)	(38,270)
Taxpayers' equity			
General Fund		2,341	2,206
Pension Reserve		(26,603)	(40,476)
Total Taxpayers' Equity		(24,262)	(38,270)

The notes on pages 74 to 92 form part of these accounts.



Nigel Ellis
Accounting Officer
12 December 2022



Michael King
Chair
12 December 2022

Statement of Cash Flows

for the year ended 31 March

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Net expenditure for the year		(16,256)	(14,492)
Adjustments for:			
Depreciation & amortisation	7 & 8	76	76
Loss on sale of non-current assets	5.2	-	-
Finance income	3	(1)	(2)
(Increase)/decrease in trade & other receivables	9	9	(159)
Increase/(decrease) in trade & other payables	11	285	154
Increase/(decrease) in provisions	12	20	119
Non-cash pension charge included in net expenditure for the year		3,721	2,226
Net cash outflow from operating activities		(12,146)	(12,078)
Cash flows from investing activities			
Purchase of plant & equipment	7	(15)	(11)
Purchase of intangible non-current assets	8	(44)	(59)
Interest received	3	1	2
Net cash outflow from investing activities		(58)	(68)
Cash flows from financing activities			
Receipts of Grant-in-Aid financing	2	12,670	12,050
Net cash inflow from financing activities		12,670	12,050
Net (decrease)/increase in cash & cash equivalents		466	(96)
Cash & cash equivalents at beginning of period		3,212	3,308
Cash & cash equivalents at end of period	10	3,678	3,212

The notes on pages 74 to 92 form part of these accounts.

Statement of Changes in Taxpayers' Equity

	Note	General Fund	Pension Reserve	Total Taxpayers' Equity
		£000	£000	£000
Balance at 31 March 2020		2,422	(25,361)	(22,939)
Grant-in-aid financing	2	12,050	-	12,050
Total comprehensive expenditure for the year		(14,492)	(12,889)	(27,381)
Transfers between reserves in respect of pension fund costs		2,226	(2,226)	-
Balance at 1 April 2021		2,206	(40,476)	(38,270)
Grant-in-aid financing	2	12,670	-	12,670
Total comprehensive expenditure for the year		(16,256)	17,594	1,338
Transfers between reserves in respect of pension fund costs		3,721	(3,721)	-
Balance at 31 March 2022		2,341	(26,603)	(24,262)

The notes on pages 74 to 92 form part of these accounts.

Nature and Purpose of Reserves

General Fund

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

Pension Reserve

This Reserve represents the liability arising from the Commission's participation in the Local Government Pension Scheme, as determined by the scheme actuary. Details of the pension liability are available in Note 13e on page 86 and also in the Directors' Report on pages 29 and 30.

Notes to the Financial Statements

Accounting Policies

1.1 Accounting convention

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

1.2 Basis of preparation

The Financial Statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Commission for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Commission are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.3 Critical accounting judgements and key sources of estimation uncertainty

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

1.3.1 Critical judgements in applying accounting policies

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

> **Classification of leases**

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

> **Asset valuations**

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

1.3.2 Key sources of estimation uncertainty

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

Valuation of pension scheme assets and liabilities

The valuation of the Commission's defined benefit pension scheme assets and liabilities is based on a range of assumptions covering variables such as investment returns, inflation, discount rate and pensioner lifespans. The selection of appropriate assumptions represents a significant accounting estimate. Where actual outturns are significantly different to the selected assumptions, the value of scheme assets and liabilities may be materially different. The assumptions are made by management based on advice from a professional actuary and are reviewed annually. In addition, the scheme is subject to a full actuarial review on a triennial basis.

1.4 Grant-in-Aid

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

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

1.5 Going concern

As a result of the valuation of pension scheme assets and liabilities, the Commission's Statement of Financial Position at 31 March 2022 shows net liabilities of £26m. This reflects the inclusion of liabilities falling due in future years which, insofar as the Commission is unable to meet them from its other sources of income, would fall, in the last resort, to be met by central Government. Under the normal conventions applying to Parliamentary control over income and expenditure, such funding may not be issued in advance of need, but there is no reason to believe that, if required, funding and Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for these Financial Statements.

1.6 Value Added Tax

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

1.7 Pension scheme

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

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

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

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

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

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

1.8 Short term employee benefits

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

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

1.9 Tangible non-current assets - plant and equipment

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

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

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

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

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

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

1.10 Intangible non-current assets

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

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

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

- > Software licences 4-5 years

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

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

1.11 Leases (Commission as lessee)

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

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

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

1.12 Financial Instruments

Financial assets

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

Financial assets are initially recognised at fair value.

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

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

Financial Assets at Amortised Cost

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

Financial liabilities

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

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

Financial liabilities are initially recognised at fair value.

1.13 Changes in Accounting Policy

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

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

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

1.14 International Financial Reporting Standards (IFRS)

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

IASB has issued IFRS16 Leases which replaces IAS17, however, early adoption in 2021-22 is not permitted under the FReM. IFRS16 will be adopted by the UK public sector in 2022-23. Rather than applying a distinction between operating leases and finance leases, the standard introduces a single lessee accounting model that requires a lessee to recognise a 'right of use' asset and a lease liability reflecting future lease payments for most leases.

IFRS16 does not apply to leases of low value or for leases with a term of less than 12 months. LGSCO occupies three premises within the Government estate, each under a Memorandum of Terms of Occupation (MOTO) and assessed

each of the commitments as to whether or not it constituted a lease under IFRS16. Two of our three offices are impacted.

On transition, two of our MOTOs will be brought onto the Statement of Financial Position as Right of Use assets. The liability will be measured using the modified retrospective approach, where the lease liability is measured at the present value of the remaining lease payments, discounted using the rate prescribed by HM Treasury. The FReM mandates adoption of a practical approach to IFRS16 and the transition impact will be processed through the Statement of Changes in Taxpayers' Equity, and prior year comparatives will not be restated. It is not possible to disclose a reliable estimate of the likely asset and liability generated, nor the impact on the 2022-23 SoCNE due to uncertainty over the lease expiry dates.

No new accounting standards or revisions to existing standards have been adopted early by LGSCO in 2021-22.

Financial Reporting Manual (FreM)

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

1.15 Provisions

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

2. Grant in Aid

The Commission received funding of £12,670,000 from the DLUHC in 2021-22 (2020-21: £12,050,000). Grant-in-Aid is accounted for in the Statement of Changes in Taxpayers' Equity, as discussed in note 1.4.

	2022 £000	2021 £000
DLUHC	12,670	12,050
	12,670	12,050

Represented by:	2022 £000	2021 £000
Revenue	12,600	11,975
Capital	70	75
	12,670	12,050

3. Operating income

	2022 £000	2021 £000
Complaint handling training	55	27
Bank deposit interest	1	2
Total	56	29

4.1 Staff costs

	2022 £000	2021 £000
Wages & salaries	8,204	8,026
Social security	916	897
Other pension costs*	1,290	1,259
	10,410	10,182
Temporary staff	2	9
	10,412	10,191
Indirect staffing costs**	99	102
Total	10,511	10,293

Analysis of Commissioners'/ Senior managements' salaries can be found on page 57 in the Remuneration and Staff report.

* This includes £9,929 (2020-21: £11,626) relating to pension payments to a retired Local Government Ombudsman and a surviving widow. In 2021-22, Employer Pension Contributions were comprised of a variable element equal to 15.7% of pensionable salary (2020-21: 15.7%). 2021-22 was the second year of a three year schedule of contributions defined by the scheme's actuary.

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

4.2 Pension loss

	2022 £000	2021 £000
Current service costs	4,090	2,781
Past service costs, including curtailments	-	-
Administration expenses	118	102
Contributions by the employer*	(1,283)	(1,238)
Total	2,925	1,645

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

4.3 Reporting of compensation schemes - exit packages

The reporting of compensation schemes - exit packages can be found on page 60 in the Remuneration and Staff Report. There were none in 2021-22 (2020-21: nil).

4.4 Staff numbers

Information about staff numbers can be found on pages 59 and 60 in the Remuneration and Staff Report.

5. Operating expenditure

5.1 Accommodation costs

	2022 £000	2021 £000
Rent & rates	998	943
Repairs & maintenance	-	-
Health & safety	11	4
	1,009	947

Rent costs in 2021-22 include ongoing costs incurred under three different Memorandum of Terms of Occupation (MOTO) at Government Property Agency (GPA) offices in London and Coventry and at DEFRA offices in York.

5.2 Office expenses

	2022 £000	2021 £000
Computers & telephone	457	354
Insurance & other office expenses	48	40
Loss on sale of non-current assets	-	-
Furniture & equipment rental	15	25
Postage & stationery	13	13
	533	432

5.3 Professional costs

	2022 £000	2021 £000
Legal & litigation	239	309
External audit	47	41
Internal audit	24	26
Commission fees	14	16
Professional fees & subscriptions	50	55
Publicity & research	74	93
	448	540

No remuneration was paid to the external auditors for non audit work in 2021-22 (2020-21: nil).

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

5.4 Amounts paid under operating leases

	2022 £000	2021 £000
Buildings	998	943
Other	9	9
	1,007	952

6. Net interest costs

	Note	2022 £000	2021 £000
Interest on pension fund assets	13i	(1,807)	(1,837)
Interest on pension fund liabilities	13h	2,603	2,418
		796	581

7. Plant and Equipment

	Furniture & fittings £000	Information technology £000	Total £000
Cost			
At 01 April 2021	93	66	159
Additions	-	15	15
Disposals	-	-	-
At 31 March 2022	93	81	174
Depreciation			
At 01 April 2021	93	40	133
Provided during the year	-	12	12
Disposals	-	-	-
At 31 March 2022	93	52	145
Cost			
At 01 April 2020	93	139	232
Additions	-	11	11
Disposals	-	(84)	(84)
At 31 March 2021	93	66	159
Depreciation			
At 01 April 2020	79	115	194
Provided during the year	14	9	23
Disposals	-	(84)	(84)
At 31 March 2021	93	40	133
Net Book Value			
At 31 March 2021	-	26	26
At 31 March 2022	-	29	29

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

8. Intangible assets

	Total £000
Cost	
At 01 April 2021	1,271
Additions	44
Disposals	(680)
Cost at 31 March 2022	635
Amortisation	
At 01 April 2021	1,093
Provided during the year	64
Disposals	(680)
Cost at 31 March 2022	477
Cost	
At 01 April 2020	1,212
Additions	59
Disposals	(-)
Cost at 31 March 2021	1,271
Amortisation	
At 01 April 2020	1,040
Provided during the year	53
Disposals	(-)
At 31 March 2021	1,093
Net Book Value	
At 31 March 2021	178
At 31 March 2022	158

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

9. Trade and other receivables

	2022 £000	2021 £000
Trade receivables	4	20
Deposits & advances*	8	9
VAT receivable	40	45
Prepayments	315	302
	367	376

* Deposits and advances includes staff loans for rail travel - £1,960 - (2021: £nil) and travel advances - £5,400 (2021: £6,300).

10. Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	3,678	3,212

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

Part of the cash balance represents the cumulative surplus of income over expenditure under a previous grant funding arrangement, held in the General Fund (see page 73).

The Commission requires approval from DLUHC to utilise this fund.

11. Trade and other payables

Current Trade and other payables

	2022 £000	2021 £000
Trade payables	28	255
Other payables	287	216
Accruals & deferred income	1,347	906
	1,662	1,377

12. Provisions

	2022 £000	2021 £000
Balance at 01 April	209	90
Utilised	(16)	-
Provided in year	92	119
Written back	(56)	-
Balance at 31 March	229	209

	2022 £000	2021 £000
Balance at 31 March		
Current	229	209
Non-current	-	-
	229	209

The Commission has no potential dilapidation liabilities associated with its estates portfolio at 31 March 2022. The Commission occupies three properties which are part of the Government estate under MOTOs where there is no liability for dilapidations.

Flood damage occurred at the York office in 2016 and a provision of £90,000 has been created for the Commission's estimated share of the landlord's repair cost. In addition, a provision has been created for legal costs in relation to unresolved legal challenges at 31 March 2022.

13. Pension scheme

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

13.2 The Commission paid employer's superannuation contributions to this scheme on behalf of both Local Commissioners and staff at the rate of 15.7% of pensionable remuneration (2020-21: 15.70%). The total paid during 2021-22 was £1,280,041 (2020-21: £1,237,661). There were no payments in respect of curtailments and settlements arising from redundancies made in the year (2020-21: nil). The employer's and employee's contribution rate are fixed following actuarial assessments every three years. The most recent triennial valuation of the Fund at 31 March 2019 resulted in a three-year schedule of contributions commencing 1 April 2020 where the Employer's rate was determined as 15.7% for the three years 2020-21 to 2022-23.

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

13.3 The pension arrangements for the Local Commissioners and Commission staff are subject to the agreement of the Minister for Levelling Up, Housing and Communities. He has agreed that the arrangements should be part of the Local Government Pension Scheme. Accordingly, this scheme forms the basis of the current terms and conditions of Local Commissioners and Commission staff. Any changes to the scheme to alleviate the deficit (refer to subsequent tables for details) such as

by increasing the pension age or increasing employee contributions, would be a matter for national negotiations and Government action. As a relatively small employer, the Commission is not in a position to exert significant influence on this matter.

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

13.4 On 28 June 1993 by virtue of Statutory Instrument 1993 No 1367, Local Ombudsmen became eligible to join the Local Government Scheme and their previous individual superannuation arrangements were closed by transfer of service to the Scheme operated by the LPP. These transfer arrangements did not provide for Local Ombudsmen who had already retired. The pensions of one such Local Ombudsman, and a surviving widow, remain the responsibility of the Commission and are met through the Statement of Comprehensive Net Expenditure, the total payment during 2021-22 amounting to £9,929 (2020-21: £11,626).

13.5 In December 2018, the Court of Appeal ruled against the Government in two cases: *Sargeant and others v London Fire and Emergency Planning Authority* [2018] UKEAT/0116/17/LA and *McCloud and others v Ministry of Justice* [2018] UKEAT/0071/17/LA. The cases related to the Firefighters' Pension Scheme (*Sargeant*) and to the Judicial Pensions Scheme (*McCloud*). For the purposes of the LGPS, these cases are known together as '*McCloud*'. The court held that transitional protections, afforded to older members when the reformed schemes were introduced in 2015, constituted unlawful age discrimination.

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

The Government Actuarial Department (GAD) has estimated the financial impact of one possible remedy to be equal to 3.2% of active liabilities on a scheme-wide basis. The GAD estimate has been prepared on an 'average' member basis and is highly sensitive to the earnings growth assumption (see 13.7a). On the basis of this scheme-wide estimate, and taking into account the age profile of the entity's membership, the impact for LGSCO in 2019-20 was estimated to be £737,000 (or 0.7% as a percentage of total liabilities) and this is included in the pension liabilities at 31 March 2022. It is not expected that the final remedy will result in a materially different amount to the current estimate.

13.6 Further commentary is available in the Directors' Report on pages 30 including a table showing estimates of the pension surplus / deficit on three different bases.

13.7 Disclosures as required by IAS 19 are below.

The tables and notes below were provided by the LPP actuary and the Commission is content that they fairly present the most appropriate assumptions to be applied and the estimated assets and liabilities and the actuarial loss for 2021-22 for the scheme.

a. Financial assumptions

Year ended:	31 March 2022 %pa	31 March 2021 %pa
Inflation/pension increase (RPI)	3.55	3.20
Inflation/pension increase (CPI)	3.20	2.80
Salary increase rate	4.20	3.80
Pension increases	3.20	2.80
Discount rate	2.60	2.00

b. Demographic assumptions

Life expectancy in years from age 65	2022	2021
Retiring today - males	22.7	22.7
Retiring today - females	24.4	24.3
Retiring in 20 years - males	23.4	23.3
Retiring in 20 years - females	26.0	26.0

The actuary has adopted demographic assumptions which are consistent with those used for the funding valuation as at 31 March 2019. The post retirement mortality is based on Club Vita mortality analysis which has been projected using the CMI_2020 model and allowing for a long-term rate of improvement of 1.25%, smoothing parameter of 7.0, an initial addition to improvements of 0.5% p.a and a 2020 weighting of 25%. The 2020 weighting parameter has been made so that the exceptional mortality experienced due to

the coronavirus pandemic can be incorporated without having a disproportionate impact.

The actuary also made the following assumptions:

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

The actuary is not required to disclose an expected return assumption for the year to 31 March 2023.

c. Estimated asset allocation

Year ended	31 March 2022 %	31 March 2021 %
Equities	57	56
Target return funds	22	23
Infrastructure	10	9
Property	9	9
Cash	2	4
Total	100	100

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

d. Fair value of employer assets - Commission share

	31 March 2022 £000	31 March 2021 £000
Equities	59,131	50,350
Target return funds	22,375	20,808
Infrastructure	10,584	7,744
Property	9,321	7,994
Cash	2,475	3,787
Total	103,886	90,683

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2022 is estimated to be 15.54% (2020-21: 16.6%). This is based on the estimated Fund value used at the previous accounting date and the estimated Fund value used at this accounting date. The actual return on Fund assets over the period may be different.

The Commission's share of the assets of the total Fund is approximately 1.38%.

e. Amounts recognised in the Statement of Financial Position

Year ended	Note	31 March 2022 £000	31 March 2021 £000
Fair value of employer assets	13d & 13i	103,886	90,683
Present value of funded obligation	13h	(130,489)	(131,159)
Net (liability)		(26,603)	(40,476)

In 2021-22 the deficit decreased from £40,476,000 to £26,603,000. There are two main factors in driving this movement; firstly, a change in the financial assumptions which decreased the present value of scheme liabilities by £5.7m (see note 13g); and secondly, the positive return on fund assets in excess of interest of £12.2m.

The deficit is calculated using a range of assumptions chosen by management, with advice from the actuary, in accordance with International Accounting Standards (IAS 19). These assumptions are more conservative than those used to calculate the deficit on the basis used for the purposes of calculating future contribution rates. Based upon advice from the actuaries, the Executive Directors estimate that at 31 March 2022 on this basis the fund has a surplus of approximately £19.2m (2020-21: £5.8m)

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

f. Amounts charged in the Statement of Comprehensive Net Expenditure

Year ended	31 March 2022 £000	31 March 2021 £000
Service cost*	4,090	2,781
Net interest on the defined liability (asset)	796	581
Administration expenses	118	102
Total	5,004	3,464

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

g. Remeasurements and other comprehensive income

Year ended	Note	31 March 2022 £000	31 March 2021 £000
Return on plan assets in excess of interest	13i	12,228	11,101
Other actuarial gains/(losses) on assets	13i	-	-
Changes in financial assumptions	13h	5,667	(26,400)
Changes in demographic assumptions	13h	-	1,110
Experience gain/(loss) on defined benefit obligation	13h	(301)	1,300
Pension fund actuarial (loss)/gain		17,594	(12,889)

Changes to the financial assumptions have decreased the present value of scheme liabilities by £5.7m at 31 March 2022 (31 March 2021: increase in liabilities of £26.4m).

h. Reconciliation of defined benefit obligation - Commission share

Year ended	31 March 2022 £000	31 March 2021 £000
Opening defined benefit obligation	131,159	103,844
Current service cost	4,090	2,781
Interest cost	2,603	2,418
Change in financial assumptions	(5,667)	26,400
Change in demographic assumptions	-	(1,110)
Experience loss/(gain) on defined benefit obligation	301	(1,300)
Estimated benefits paid	(2,612)	(2,467)
Past service costs, including curtailments	-	-
Contributions by members	615	593
Closing defined benefit obligation	130,489	131,159

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

Year ended	31 March 2022 £000	31 March 2021 £000
Opening fair value of employer assets	90,683	78,483
Interest on assets	1,807	1,837
Return on assets less interest	12,228	11,101
Other actuarial gains/(losses)	-	-
Administration expenses	(118)	(102)
Contributions by the employer	1,283	1,238
Contributions by members	615	593
Estimated benefits paid	(2,612)	(2,467)
Closing fair value of employer assets	103,886	90,683

j. Sensitivity analysis

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of defined benefit obligation	128,116	130,489	132,909
Projected service cost	3,612	3,773	3,857
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	130,756	130,489	130,224
Projected service cost	3,735	3,733	3,731
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	132,625	130,489	128,392
Projected service cost	3,856	3,733	3,613
Adjustment to life expectancy assumption	+1 year	None	-1 year
Present value of defined benefit obligation	136,382	130,489	124,860
Projected service cost	3,896	3,733	3,575

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

k. Projected pension expense for the year to 31 March 2023

Projections for the year to 31 March 2023	
	£000
Service cost	3,733
Net interest on the defined liability	675
Administration expenses	135
Total	4,543
Employer contributions	1,271

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

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

Estimated employer's contributions for 2022-23 are £1,271,000 (2021-22: £1,269,000)

14. Financial Instruments and related risks

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

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

Other financial instruments are receivables and payables arising from operations.

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

Credit Risk

The Commission is exposed to credit risk arising from its Trade and Other Receivables, whereby there is a risk that counterparties will not settle outstanding amounts as they fall due. Of the total financial assets included within trade and other receivables, £40,506 is due from HMRC (2021: £45,212). A further amount of £8,118 is due from current employees of the Commission and is to be collected through regular payroll deductions (2021: £8,564). The credit risk arising from these balances is not considered to be significant.

Market Risk

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

	2022	2021
	£000	£000
Value of interest yielding deposits at 31 March	3,678	3,212
Income effect of a 1% increase in interest rates	36	32
Income effect of a 1% decrease in interest rates	(36)	(32)

Liquidity Risk

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

These deposits totalled £3,677,641 (2021: £3,211,519). As a result of these policies, the Commission does not feel that it is exposed to significant liquidity risk arising from its financial instruments.

Fair Value

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

15. Operating Lease

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

	31 March 2022 £000	31 March 2021 £000
Buildings - amounts payable:		
Not later than one year	576	459
Later than one year and not later than five years	446	-
Later than five years	-	-
Total	1,022	459
Other - amounts payable:		
Not later than one year	4	9
Later than one year and not later than five years	-	4
Later than five years	-	-
Total	4	13

15.2 Description of significant lease arrangements

During 2021-22, the Commission occupied three premises within the Government estate, each under a Memorandum of Terms of Occupation (MOTO). All MOTOs have gone past their initial expiry date. The MOTOs for the York and Coventry offices have a 12 month notice period, while the London office is three months.

At all three offices in order to reduce future rental costs, notice has been served on the landlord to reduce the space LGSCO occupies.

16. Capital Commitments

The Commission was contractually committed to £nil of expenditure on non-current assets at 31 March 2022 (2020-21: £nil).

17. Related Party Transactions

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

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

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

Commission member, Michael King is also a Board member at PHSO and Rob Behrens CBE, the PHSO, is an ex-officio member of the Commission. PHSO is regarded as a related party. There have been no financial transactions with PHSO in 2021-22.

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

Under IAS 24, the Local Government Pension Scheme is defined as a related party to the

Commission. For details of transactions with this body, refer to note 13.

18. Contingent assets and liabilities

At 31 March 2022 there were two unresolved legal challenges which were heard at the High Court in the summer of 2022. The High Court judgments were largely favourable but in both cases the plaintiff has been given leave to appeal. Both cases will be heard at the Court of Appeal in early 2023.

A provision has been made for the probable legal costs (Note 12) but in the event that either or both appeals are lost, there will be a larger liability than currently provided to reimburse the plaintiffs' legal costs. This contingent liability is estimated to be between £50k and £290k.

Should both appeals be won, there is a potential contingent asset of £8k.

19. Events after the reporting period date

At 31 March 2022 there were two unresolved legal challenges which were heard at the High Court in the summer of 2022. The High Court judgments were largely favourable but in both cases the plaintiff has been given leave to appeal. A provision has been made for the probable legal costs (Note 12).

The provisions, contingent assets and contingent liabilities (Note 18) have been restated after the reporting period end to take account of the High Court judgments.

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

Accounts direction for the Commission for Local Administration in England

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

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

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

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

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

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

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State

David Kuenssberg

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

Date 3rd July 2014

SCHEDULE 1

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

ADDITIONAL DISCLOSURE REQUIREMENTS

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

(a) an analysis of grants from:

- (i) government departments
- (ii) European Community funds
- (iii) other sources identified as to each source;

(b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than board members, showing:

- (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Commission, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
- (ii) the total value of loans to employees
- (iii) employee costs during the year showing separately:
 - (1) wages and salaries
 - (2) early retirement costs
 - (3) social security costs
 - (4) contributions to pension schemes
 - (5) payments for unfunded pensions

(6) other pension costs

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

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

(i) employed directly by the Commission;

(ii) on secondment or loan to the Commission;

(iii) agency or temporary staff;

(iv) employee costs that have been capitalised.

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

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

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

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

(i) transactions and balances of £5,000 and below are not material

(ii) parties related to board members and key managers are as notified to the Commission by each individual board members or key manager

(iii) the following are related parties:

(1) subsidiary and associate companies of the Commission;

(2) pensions funds for the benefit of employees of the Commission or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds);

(3) board members and key managers of the Commission;

(4) members of the close family of board members and key managers;

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

For the purposes of this sub-paragraph:

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

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

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