

# **Scottish Public Services Ombudsman**

## **Annual Accounts**

**2007-08**

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**Contents**

	<b>Page Number</b>
Foreword	1 - 3
Remuneration Report	4 - 5
Statement of Accountable Officer's Responsibilities	6
Statement on Internal Control	7
Auditors Report	8-10
Operating Cost Statement	11
Balance Sheet	12
Cash Flow Statement	13
Notes to the Accounts	14-19
Appendix 1: Accounts Direction	20

# Scottish Public Services Ombudsman Accounts For The Year Ended 31 March 2008

## FOREWORD

The accounts for the financial year ended 31<sup>st</sup> March 2008 are presented in accordance with paragraph 15(1) of Schedule 1 to the Scottish Public Services Ombudsman Act 2002, and prepared in accordance with an Accounts Direction given by Scottish Ministers.

## Background Information

1. The Scottish Public Services Ombudsman (the Ombudsman) was constituted under Section 1 of the Scottish Public Services Ombudsman Act 2002 which was passed by Parliament on 21 March 2002 and received Royal Assent on 23 April 2002.

## Statutory Powers and Responsibilities

2. The statutory functions of the Ombudsman are to investigate complaints from members of the public about maladministration and service failure by public bodies and others who provide and deliver public services. The Ombudsman has a role also to increase public awareness, knowledge and understanding of the service by, for example, issuing guidance, publishing leaflets and participating in a range of outreach activities. The SPSO also has a role to promote good administrative practice and, using the evidence from its investigations, to contribute to the development and improvement of the delivery of public services in Scotland.

## Financial Position

3. The Ombudsman's expenditure on operating activities for the year ended 31 March 2008 totalled £3,143,000. This was on staffing costs £2,254,000, other operating costs £804,000 and depreciation £85,000. Income of £17,000 was earned resulting in net expenditure on operating activities of £3,126,000.

4. A further £30,000 was spent on fixed asset purchases giving total expenditure for the year of £3,156,000.

5. The Scottish Parliament awarded the Ombudsman a budget of £3,098,000 for financial year 2007-08, excluding depreciation. The Ombudsman's actual funding of £3,034,000 was under budget. Details of performance against budget are shown in Note 2 to the accounts.

## Financial Administration

6. From 1 April 2005 the Office of the Scottish Public Services Ombudsman took over responsibility for its own financial administration.

## Scottish Public Services Ombudsman Accounts For The Year Ended 31 March 2008

### Payment of Creditors

7. The Ombudsman is committed to the CBI Prompt Payment Code for the payment of bills for goods and services received. Payments are normally made as specified in the agreed contract conditions. Where there is no contractual position or other understanding, they are due to be paid within 30 days of either receipt of the goods or services. The payment performance for 2007-08 was 97% (2006-07 was 92%).

### Review of 2007-08

8. The financial year 2007-08 was a significant one for the SPSO with a change in organisational structure following the ending of the terms of office of the three Deputy Ombudsmen in September 2007. Two Directors were appointed as Director of Investigations and a Director of Policy and Development.

The SPSO received 4,197 complaints and enquiries over the year 2007-08, compared to 4,228 in the previous year. Of the complaints received, 55% were about local government, 25% about the NHS, 9% about Housing Associations, 6% about the Scottish Government and its agencies, 3% about further and higher education and a small number were out of jurisdiction or unclear. In total, the 2007-08 volumes reflect a decrease of less than 1% in overall contact.

### Future Developments

9. The SPSO will be implementing the 2008-11 Strategic Plan during the year 2008-09.

10. The SPSO will continue to work closely with the Scottish Government and the SPCB in regard to shared services and other opportunities for improving cross-agency working and multi-organisational efficiencies.

### The Scottish Public Services Ombudsman

11. <b><i>The Ombudsman is:</i></b>	Professor Alice Brown
<b><i>Appointed:</i></b>	30 September 2002
<b><i>Reappointed:</i></b>	with effect from 30 September 2007

The Ombudsman's first appointment was for a period of five years. In 2007 she was re-appointed for a further four years. In June 2008, the Ombudsman confirmed her intention to the SPCB to demit office with effect from 31 March 2009.

### Equal Opportunities

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

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**Provision of Information to Employees**

13. The office of the Ombudsman has adopted the principles of openness and participation in its organisation and places a high level of importance on both informing and consulting staff. It does so by providing access to management papers, through oral and written briefings, by weekly staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

**Audit**

14. The accounts are audited by auditors appointed by the Auditor General for Scotland in accordance with paragraph 15 (2) of Schedule 1 of the SPSO Act 2002. The Auditor General has appointed Grant Thornton UK LLP as the SPSO Auditors for the 5 year period from 2006-07.

Professor Alice Brown  
Scottish Public Services Ombudsman

19 August 2008

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**REMUNERATION REPORT**

The Ombudsman's re-appointment in 2007 was for a period of four years and remuneration of the Ombudsman is set by the Scottish Parliamentary Corporate Body. Following nomination by the Scottish Parliament the Ombudsman is appointed by Her Majesty the Queen.

Under the Scottish Public Services Ombudsman Act 2002, the remuneration of the Ombudsman is set by the SPCB.

The Ombudsman's salary and pension entitlement is set out below.

<b>Remuneration</b>	<b>2007-08</b>	<b>2006-07</b>
	<b>£</b>	<b>£</b>
<b>Ombudsman</b>		
Professor Alice Brown Salary	85-90	85-90
Benefits in kind	Nil	Nil

<b>Pension Benefits</b>	<b>Salary (as defined below)</b>	<b>Real increase in pension and related lump sum at age 60</b>	<b>Total accrued pension at age 60 as at 31 March 2008 and related lump sum</b>	<b>CETV at 31 March 2007</b>	<b>CETV at 31 March 2008</b>	<b>Value of CETV increase over year</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Ombudsman</b>						
Professor Alice Brown	85 - 90	0 - 2.5 lump sum 2.5 - 5	25 - 30 lump sum 70- 75	615	674	19

Salaries include basic salaries, and where appropriate performance bonuses payable, reserved rights, recruitment and retention allowances. They do not include employer National Insurance or Superannuation contributions.

**The Cash Equivalent Transfer Value (CETV)**

This 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. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

**The real increase in the value of the CETV**

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

Professor Alice Brown  
Scottish Public Services Ombudsman

19 August 2008

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES**

The SPCB designated the Ombudsman as the Accountable Officer for the Office of the Scottish Public Services Ombudsman. The relevant responsibilities as Accountable Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by the Scottish Executive and published in the Scottish Public Finance Manual.

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

In preparing the accounts, the Ombudsman is required to:

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

Professor Alice Brown  
Scottish Public Services Ombudsman

19 August 2008



**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**STATEMENT ON INTERNAL CONTROL**

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of organisational policies, aims and objectives, whilst safeguarding the public funds and the organisation's assets for which I am responsible.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control will continue to evolve to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

I have ensured consistent adherence to procedures for internal control in place during the year 2007-08, especially in the key business areas of financial management, operational and employee data management and risk management. A formal Scheme of Control and Scheme of Delegation remain in place and were periodically reviewed, as required by the Scheme of Control, and amended as necessary. Following the replacement of the three part-time Deputy Ombudsmen in September 2007, the Executive Board consists of the Ombudsman, the Director of Investigations, the Director of Policy and Development and the Head of Services reflecting the three operational areas of the organization. The Executive Board, which I chair, meets with the Management Team in attendance at least 6 weekly to consider the Audit, the Annual Business Plan and the strategic direction of the organisation. The Management Team meets on a monthly basis and oversees the day-to-day running of the operation.

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control. In 2007-08 the SPSO established an Audit Advisory Committee with 3 committee members, including a Chair and a Deputy Chair, and procured internal audit services from the Scottish Legal Aid Board to support the Head of Services in governance and management of risks.

I am satisfied that the current Scheme of Control provides a robust and appropriate framework. The SPSO formally complies with the principles of the Scottish Public Finance Manual in line with the Financial Memorandum agreed with the SPCB.

Professor Alice Brown  
Scottish Public Services Ombudsman

19 August 2008

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**INDEPENDENT AUDITOR'S REPORT TO THE SCOTTISH PUBLIC SERVICES OMBUDSMAN, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT**

We have audited the financial statements of the Scottish Public Services Ombudsman (the Ombudsman) for the year ended 31 March 2008 under the Scottish Public Services Ombudsman Act 2002. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in the Government Financial Reporting Manual as requiring to be audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

**Respective responsibilities of the Scottish Public Services Ombudsman and auditor**

The Ombudsman is responsible for preparing the Annual Accounts, which includes the Remuneration Report, and the financial statements in accordance with the Scottish Public Services Ombudsman Act 2002, the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Ombudsman is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Accountable Officer's Responsibilities.

Our responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We report to you whether, in our opinion, the information which comprises the management commentary included in the Annual Report, is consistent with the financial statements. We also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

In addition, we report to you if, in our opinion, any information contained in the statement of accounts is inconsistent with the Annual Report, the Ombudsman has not kept proper accounting records, if we have not received all the information and explanations we require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

We review whether the Statement on Internal Control reflects the Ombudsman's compliance with the Scottish Government's guidance, and we report if, in our opinion, it does not. We are not required to consider whether this statement covers all risks and controls, or form an

## **Scottish Public Services Ombudsman Accounts For The Year Ended 31 March 2008**

opinion on the effectiveness of corporate governance procedures or risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only Management Commentary and Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Ombudsman in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Ombudsman's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

### **Opinions**

#### *Financial statements*

In our opinion

- the financial statements give a true and fair view, in accordance with Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of the Ombudsman as at 31 March 2008 and of the net operating cost and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers; and
- information which comprises the management commentary included with the Annual Report is consistent with the financial statements.

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

*Regularity*

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

**Grant Thornton UK LLP  
1-4 Atholl Crescent  
Edinburgh  
EH3 8LQ**

**19 August 2008**

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**OPERATING COST STATEMENT FOR THE YEAR ENDED 31 MARCH 2008**

	Notes	2008 £'000	2007 £'000
<b>Income</b>			
Income from all Sources	3	(17)	(34)
<b>Total Income</b>		(17)	(34)
<b>Expenditure</b>			
Staff Costs	4,5	2,254	1,889
Other Operating Costs	6	804	914
Depreciation	7,8	85	96
<b>Total Expenditure</b>		3,143	2,899
<b>Net Expenditure for the Year</b>		3,126	2,865

All amounts relate to continuing activities. There have been no gains or losses other than those recognised in the Operating Cost Statement.

The accompanying notes on pages 14 to 19 form an integral part of these accounts.

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**BALANCE SHEET AS AT 31 MARCH 2008**

	<b>Notes</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Fixed Assets</b>			
Tangible Assets	7	472	523
Intangible Assets	8	4	8
<b>Total Fixed Assets</b>		<b>476</b>	<b>531</b>
<b>Current Assets</b>			
Debtors	9	57	105
Cash at Bank and in Hand		115	144
		<b>172</b>	<b>249</b>
<b>Current Liabilities</b>			
Creditors - amounts falling due within one year	10	(97)	(158)
		<b>75</b>	<b>91</b>
<b>Net Current Assets</b>		<b>75</b>	<b>91</b>
<b>Total Net Assets</b>		<b>551</b>	<b>622</b>
<b>Financed by:</b>			
<b>Capital and Reserves</b>			
General Fund	11	551	622
		<b>551</b>	<b>622</b>

The accompanying notes on pages 14 to 19 form an integral part of these accounts.

Professor Alice Brown  
Scottish Public Services Ombudsman

19 August 2008

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2008**

	<b>2008</b>	<b>2007</b>
<b>Operating Activities</b>	<b>£'000</b>	<b>£'000</b>
Net Cash Outflow from Operating Activities (i)	(3,033)	(2,818)
<b>Capital Expenditure</b>		
Purchase of Tangible/Intangible Fixed Asset	(30)	(22)
	<u>(3,063)</u>	<u>(2,840)</u>
<b>Financing</b>		
From the Scottish Parliament Corporate Body	3,034	2,882
<b>(Decrease)/Increase in Cash</b> (ii)	<u><b>(29)</b></u>	<u><b>42</b></u>

**(i) Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Net Expenditure for the Year	(3,126)	(2,865)
Decrease in Debtors	48	12
(Decrease) in Creditors and Provisions	(61)	(82)
Depreciation	85	96
Notional Costs	21	21
<b>Net Cash Inflow from Operating Activities</b>	<u><b>(3,033)</b></u>	<u><b>(2,818)</b></u>

**(ii) Analysis of Changes in Cash and Bank**

	<b>At 1 April 2007 £'000</b>	<b>Cash Flow £'000</b>	<b>At 31 March 2008 £'000</b>
Cash at Bank and in Hand	<u>144</u>	<u>(29)</u>	<u>115</u>

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**NOTES TO THE ACCOUNTS**

**1 Accounting Policies**

**1.1 Basis of Accounting**

These accounts cover the year to 31 March 2008. The financial statements have been prepared under the historical cost convention, and in accordance with the Accounts Direction issued by Scottish Ministers. They meet the requirements of the Government Financial Reporting Manual, and of the Statements of Standard Accounting Practice / Financial Reporting Standards issued and adopted by the Accounting Standards Board, so far as these requirements are appropriate.

**1.2 Fixed Assets**

**1.2.1 Capitalisation**

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

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

**1.2.3 Valuation**

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

**1.2.4 Depreciation**

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

Leasehold improvements	over the period of the lease
Furniture and equipment	5 years
Fixtures and Fittings	5 years
IT Equipment	3 years
Software and licences	3 years

**1.3 Funding Receivable**

Funding received through the SPCB is credited directly to the General Fund in the period to which it relates.

**1.4 Leases**

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



**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**1.5 Notional Costs**

In line with HM Treasury's Fees and Charges Guide and DAO letter 8/96, The Ombudsman includes notional costs for cost of capital at the rate approved by HM Treasury of 3.5% (2006-07, 3.5%) in real terms on all assets and liabilities.

**1.6 Pension Costs**

***The Ombudsman and Deputy Ombudsmen***

The Ombudsman and Deputy Ombudsmen are paid through the SPCB's payroll. All are members of the Principal Civil Service Pension Scheme (PCSPS).

***Employees***

The staff of the SPSO are also members of the PCSPS. This is an unfunded multi-employer defined benefit scheme, but the SPSO is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk))

**1.7 Value Added Tax**

The SPSO is required to pay VAT on the provision of goods and services. All VAT is charged to the income and expenditure account as incurred.

**2 Performance Against Budget**

The Ombudsman is funded through the SPCB. For financial year 2007-08 the Ombudsman was allocated a budget of £3,099,000, including £75,000 for fixed asset additions. Net expenditure for the year at £3,034,000 was below budget.

	<b>2008 Budget £'000</b>	<b>2008 Expenditure £'000</b>	<b>Variance £'000</b>	<b>Variance %</b>
<b>Net Operating Cost</b>	3,024	3,126	102	3%
<b>Capital expenditure</b>	75	30	(45)	(60%)
<b>Total expenditure</b>	3,099	3,156	57	1%
<b>Accruals adjustments:</b>				
<b>Non cash items</b>	0	(106)	(106)	
<b>Working capital (incl cash)</b>	0	(16)	(16)	
<b>Cash Funding from SPCB</b>	3,099	3,034	(65)	(2%)

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**3 Income**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Income from all Sources		
Income from lease of parking spaces	9	9
Pension costs recovered	0	0
Insurance recovery	0	0
Travel expenses reimbursed	2	2
Licence fees	0	18
Bank interest	6	5
	<b>17</b>	<b>34</b>
	<b>17</b>	<b>34</b>

**4 Staff Numbers and Costs**

**4.1 Average Staff Employed (Full Time Equivalent)**

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

	<b>2008</b>	<b>2007</b>
	<b>FTE</b>	<b>FTE</b>
Ombudsman	1.0	1.0
Deputies	0.8	1.6
Staff	44.7	38
	<b>46.5</b>	<b>40.6</b>
	<b>46.5</b>	<b>40.6</b>

**4.2 Breakdown of Staff Costs**

	<b>Total</b>	<b>Ombudsman and Deputies</b>	<b>Staff</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salaries / Wages	1,757	158	1,599
Social Security Costs	357	35	322
Pension Costs	140	15	125
	<b>2,254</b>	<b>208</b>	<b>2,046</b>
	<b>2,254</b>	<b>208</b>	<b>2,046</b>

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**5 Pension Costs**

For 2007-08 employer's contributions of £307,000 were payable to the PCSPS at one of four rates in the range 16.2% to 24.6% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme. There were no outstanding or prepaid scheme contributions at 31 March 2008.

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

**6 Analysis of Operating Expenditure**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Property Costs	232	255
Professional Services	219	265
General Office Running Costs	185	202
Training	31	34
Travel and Expenses	21	25
Printing and Publications	9	5
Telephones and Postage	34	42
Outreach	52	65
Notional Cost of Capital	21	21
	<b>804</b>	<b>914</b>
	<b>804</b>	<b>914</b>

The above total includes £20,050 (2007, £15,500) for external auditor's remuneration. External auditor received no fees in relation to non audit work. Included within Administration costs are £20,869 (2007, £23,642) of equipment rental costs in association with operating leases.

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

**7 Fixed Assets**

	Leasehold Improvements	Equipment	Furniture Fixtures and Fittings	IT Hardware and Systems	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2007	493	21	150	142	806
Additions	0	0	7	23	30
At 31 March 2008	<u>493</u>	<u>21</u>	<u>157</u>	<u>165</u>	<u>836</u>
<b>Depreciation</b>					
At 1 April 2007	84	13	87	99	283
Charge for Year	26	4	31	20	81
At 31 March 2008	<u>110</u>	<u>17</u>	<u>118</u>	<u>119</u>	<u>364</u>
<b>Net Book Value at 31 March 2008</b>	<u><b>383</b></u>	<u><b>4</b></u>	<u><b>39</b></u>	<u><b>46</b></u>	<u><b>472</b></u>
<b>Net Book Value at 31 March 2007</b>	<u><b>409</b></u>	<u><b>8</b></u>	<u><b>63</b></u>	<u><b>43</b></u>	<u><b>523</b></u>

**8 Intangible Assets**

<b>Cost</b>	<b>2008 £'000</b>
At 1 April 2007	26
Additions	0
Disposals	0
At 31 March 2008	<u><b>26</b></u>
<b>Depreciation</b>	
At 1 April 2007	18
Charge for Year	4
Disposals	0
At 31 March 2008	<u><b>22</b></u>
<b>Net Book Value at 31 March 2008</b>	<u><b>4</b></u>
<b>Net Book Value at 31 March 2007</b>	<u><b>8</b></u>

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2008**

<b>9</b>	<b>Debtors</b>		<b>2008</b>	<b>2007</b>
			<b>£'000</b>	<b>£'000</b>
	Prepayments		56	49
	Other Debtors		1	56
			<u>57</u>	<u>105</u>

<b>10</b>	<b>Creditors: Amounts Falling Due Within One Year</b>		<b>2008</b>	<b>2007</b>
			<b>£'000</b>	<b>£'000</b>
	Trade Creditors		21	83
	Accruals		76	75
			<u>97</u>	<u>158</u>

<b>11</b>	<b>General Fund</b>		<b>2008</b>	<b>2007</b>
			<b>£'000</b>	<b>£'000</b>
	As at 1 April 2007		622	584
	Net Expenditure for the Year		(3,126)	(2,865)
	From the SPCB		3,034	2,882
	Notional Cost of Capital		21	21
	As at 31 March 2008		<u>551</u>	<u>622</u>

<b>12</b>	<b>Operating Leases</b>			
		<b>Office Equipment</b>	<b>Buildings</b>	<b>Totals</b>
	Operating Lease Payment Commitments			
	Expiring:	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Within One Year of the Balance Sheet Date	0	0	0
	Within Two to Five Years of the Balance Sheet Date	21	0	21
	Over Five Years of the Balance Sheet Date	0	150	150
	Total	<u>21</u>	<u>150</u>	<u>171</u>

**13 Capital Commitments**

Contracted capital commitments as at 31 March 2008 amounted to £45,000.

**14 Related Party Transactions**

The SPSO was constituted by the Scottish Parliament which provides funding for the Ombudsman. The Scottish Parliamentary Corporate Body is regarded as a related body.

Neither the Ombudsman or her staff has undertaken material transactions with the SPCB during the year.



**SCOTTISH PUBLIC SERVICES OMBUDSMAN**

**DIRECTION BY THE SCOTTISH MINISTERS**

2. The Scottish Ministers, in pursuance of paragraph 15 (1) of Schedule 1 of the Scottish Public Services Ombudsman Act 2002, hereby give the following direction.
3. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
4. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 1 December 2004 is hereby revoked.

Signed by the authority of the Scottish Ministers

Dated 6 November 2006