



# **Scottish Public Services Ombudsman**

## **Annual Accounts**

**Year ended 31 March 2011**

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2011**

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## **FOREWORD**

The accounts for the financial year ended 31 March 2011 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**

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**

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 also has a role in increasing public awareness, knowledge and understanding of the SPSO 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. The new statutory powers in relation to model Complaints Handling Procedures provides the Ombudsman with the responsibility and authority to lead the simplification and standardisation of complaints handling throughout the public sector in Scotland.

### **Financial Position**

The Ombudsman's expenditure on operating activities for the year ended 31 March 2011 totalled £3,199,000. This was on staffing costs £2,349,000; other operating costs £741,000 and depreciation £109,000. Gross income of £90,000 was earned resulting in net expenditure on operating activities of £3,109,000.

A further £48,000 was spent on fixed asset purchases giving total expenditure for the year of £3,157,000.

The Scottish Parliament awarded the Ombudsman a budget of £3,260,000 for financial year 2010-11, excluding depreciation. The Ombudsman's actual funding of £3,168,000 was below budget.

### **Payment of Creditors**

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 2010-11 was 89% (2009-10 was 94%).

### **Review of 2010-11**

The financial year 2010-11 was the second year in post for the current Ombudsman, Jim Martin, who is the Accountable Officer.

In 2010-11 the Scottish Government began an efficiency drive to bring about a 15% saving per year for a three-year period throughout the public sector. The Ombudsman worked closely with the Scottish Parliamentary Corporate Body to plan for these savings in the SPSO and also contributed to the Scrutiny Review process.

2010-11 also saw the introduction of two Acts of Parliament - The Public Services Reform (Scotland) Act 2010 and the Scottish Parliamentary Commissions and Commissioners etc Act. These pieces of legislation added powers and duties to the SPSO, taking up recommendations made in the report of the 'Fit For Purpose Complaints Systems Action Group' (The Sinclair Report) which followed the Crerar Review of independent scrutiny. The legislation included transferring the

## **Scottish Public Services Ombudsman Accounts For The Year Ended 31 March 2011**

functions of the Scottish Prisons Complaints Commission to the SPSO, an additional responsibility that the SPSO took on from 1 October 2010.

The Public Services Reform Act provided the SPSO with new powers and duties to oversee the development of standardised model complaints handling procedures (CHPs) in Scotland. The Act provides the SPSO with the authority to publish model Complaints Handling Procedures for service providers and gives the SPSO powers to require bodies to comply with these procedures. The Act also provides the SPSO with a duty to monitor and promote best practice in complaints handling for relevant public service delivery staff. The Act required the SPSO to consult on, and send to the Parliament for approval, a Statement of Complaints Handling Principles. The SPSO carried out its consultation in June-September 2010, and the Principles were approved by Parliament in January 2011.

In 2010-11 the SPSO received 4,244 complaints and enquiries, compared to 4,210 in the previous year. Of the complaints received, 46% were about local government, 25% about the NHS, 15% about the Scottish Government and its agencies and NDPBs, 8% about housing associations, 3% about further and higher education and a small number were out of jurisdiction or unclear. In total, the 2010-11 volumes reflect an increase of 1% in overall contact which included a 5% increase in the volume of complaints received.

The number of cases resolved decreased by 5% in line with a 5% reduction in available case-handling resource, which resulted from SPSO fulfilling its new legislative duties and the budgetary requirements outlined above.

### **Future Developments**

The SPSO will continue to implement the provisions of the two 2010 Acts. In 2011, these include the transfer of the complaints handling functions of Waterwatch to SPSO and partnership working with public service providers to design and implement model Complaints Handling Procedures. The SPSO is working with the Scottish Government and others on the Government's proposal to transfer the functions of the Police Complaints Commissioner for Scotland to the SPSO, again in line with the Sinclair Report recommendations.

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. In 2010-11 the SPSO provided HR expertise to the Scottish Commissioner for Children and Young People and made arrangements to share its Edinburgh office with the Scottish Commission Human Rights from July 2011, a considerable saving to the public purse.

### **The Scottish Public Services Ombudsman**

The Ombudsman is Jim Martin who was appointed 1 May 2009. The Ombudsman was re-appointed on 1 May 2011 for a period of six years.

### **Equal Opportunities**

The Ombudsman supports the principle of equal opportunities in carrying out his operational functions and employment practices. This means he is committed to pursuing positive action in his 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.

**Provision of Information to Employees**

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 regular staff meetings and events. Information is only withheld where this can be shown to be justified or where a duty of confidence is owed to a third party.

**Audit**

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

**Environmental and sustainable development matters**

The Ombudsman is committed to supporting the Scottish Government's policies on Environmental and Sustainable Development and understands his obligations in these areas. The business plan performance measures includes monitoring the year-on-year annual primary energy supply to provide an indicator on how the building work undertaken from 2009-11 has improved efficiency.

**Staff Absence**

The average number of staff days due to absence was 4.6 days (5.0 in 2010) per employee including long term sickness absence compared to a public sector average of 9.6. Reasons for absence are monitored on an ongoing basis in order for the senior management team to manage absence effectively.

**Jim Martin  
Scottish Public Services Ombudsman**

**4 August 2011**

## REMUNERATION REPORT

The Ombudsman, Jim Martin, was appointed and took up post on 1 May 2009 for a period of two years. The Ombudsman was re-appointed on 1 May 2011 for a further period of six years. Remuneration of the Ombudsman is set by the SPCB. Following nomination by the Scottish Parliament the Ombudsman is appointed by Her Majesty the Queen.

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

<b>Remuneration</b>		<b>2009-10</b>	<b>2010-11</b>
		<b>£</b>	<b>£</b>
<b>Ombudsman</b>			
Jim Martin	Salary	80-85*	80-85
	Benefits in kind	Nil	Nil

\* Pro-rata from 1 May 2009

<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 2011 and related lump sum</b>	<b>CETV at 31 March 2010</b>	<b>CETV at 31 March 2011</b>	<b>Value of CETV increase over year Funded by the employer</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Ombudsman</b>						
Jim Martin	83	2	4	23	51	24

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 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.

**Jim Martin**  
**Scottish Public Services Ombudsman**

**4 August 2011**

## **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 his 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;
- (iv) prepare the financial statements on a "going concern" basis, unless it is inappropriate to presume that the Ombudsman will continue in operation.

## **STATEMENT ON INTERNAL CONTROL**

I took up the post of Scottish Public Services Ombudsman and Accountable Officer on 1 May 2009 and was reappointed in 2011 for a further six years. 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 during the year 2010-11, 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 are periodically reviewed, as required by the Scheme of Control, and amended as necessary. For the first three quarters of 2010-11 the Senior Management Team consisted of the Ombudsman, the Director of Complaints and Investigations, and the Head of Corporate Services. This was changed in the final quarter to the new structure of Ombudsman, Director of Corporate Services and Head of Policy and External Communications. The responsibility for complaints and investigations was shared between the Ombudsman and Director of Corporate Services. The Senior Management Team, which is chaired by the Ombudsman, meets formally at least six-weekly to consider the audit, the annual business plan, the register of risks to the business, and the strategic direction of the organisation. They also meet informally on a weekly basis to oversee the day-to-day running of the operation.

As Accountable Officer the Ombudsman also has responsibility for reviewing the effectiveness of the system of internal control. In 2007-08 the SPSO established an internal audit function through a shared services arrangement with the Scottish Legal Aid Board. The internal and external auditors report to the Audit and Advisory Committee to support me in governance and management of risks.

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

**Jim Martin**  
**Scottish Public Services Ombudsman**

**4 August 2011**



**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 for the year ended 31 March 2011 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Operating Cost Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010/11 Government Financial Reporting Manual (the 2010/11 FreM).

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 Accountable Officer and auditor**

As explained more fully in the Statement of Accountable Officer's responsibilities set out on page 7, the Ombudsman, as the Accountable Officer, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and receipts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and receipts.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts, disclosures and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view in accordance with the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2011 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010/11 FReM; and
- have been prepared in accordance with the requirements of the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers.

**Opinion on regularity**

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

**Opinion on other prescribed matters**

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Scottish Public Services Ombudsman Act 2002 and directions made thereunder by the Scottish Ministers; and
- the information given in the Foreword and the Statement on Internal Control included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Statement on Internal Control does not comply with Scottish Government guidance.

We have nothing to report in respect of these matters.

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

**4 August 2011**

**Scottish Public Services Ombudsman  
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**OPERATING COST STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2011 £'000	2010 Restated £'000
<b>Administrative Costs</b>			
Staff Costs	4,5	2,349	2,561
Other Administration Costs	2, 6	741	742
Depreciation	7,8	109	106
Other Operating Income	3	(90)	(15)
<b>Net Administration Costs</b>		3,109	3,394
<b>Net Operating Costs</b>		3,109	3,394

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 15 to 19 form an integral part of these accounts.

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2011**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2011**

	Notes	2011 £'000	2010 Restated £'000
<b>Non Current Assets</b>			
Property, Plant and Equipment	7	347	373
Intangible Assets	8	36	71
<b>Total Non Current Assets</b>		<b>383</b>	<b>444</b>
<b>Current Assets</b>			
Trade and Other Receivables	9	77	135
Cash and Cash Equivalents		204	52
<b>Total Current Assets</b>		<b>281</b>	<b>187</b>
<b>Total Assets</b>		<b>664</b>	<b>631</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	(139)	(165)
<b>Total Current Liabilities</b>		<b>(139)</b>	<b>(165)</b>
<b>Non Current Assets plus Net Current Assets</b>		<b>525</b>	<b>466</b>
<b>Non Current Liabilities</b>		-	-
<b>Assets less Liabilities</b>		<b>525</b>	<b>466</b>
<b>Taxpayers' Equity</b>			
General Fund		525	466
<b>Total Taxpayers' Equity</b>		<b>525</b>	<b>466</b>

The accompanying notes on pages 15 to 19 form an integral part of these accounts.

**Jim Martin**  
**Scottish Public Services Ombudsman**

**4 August 2011**

**Scottish Public Services Ombudsman  
Accounts For The Year Ended 31 March 2011**

**STATEMENT OF CASH FLOWS  
FOR YEAR ENDED 31 MARCH 2011**

	<b>2011</b>	<b>2010</b>
<b>Cash Flows From Operating Activities</b>	<b>£'000</b>	<b>Restated £'000</b>
Net Operating Cost	(3,109)	(3,394)
Adjustment for Non Cash Transactions		
Depreciation	109	106
Movements in Working Capital		
(Increase)/Decrease in Trade and Other Receivables	58	6
Increase/(Decrease) in Trade and Other Payables	(26)	(39)
<b>Net Cash Outflow from Operating Activities</b>	<b>(2,968)</b>	<b>(3,321)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property, Plant and Equipment	(48)	(2)
<b>Net Cash Outflow From Investing Activities</b>	<b>(48)</b>	<b>(2)</b>
<b>Cash Flows From Financing Activities</b>		
Financing from the Scottish Parliamentary Corporate Body	3,168	3,251
<b>Net Cash Inflow From Financing Activities</b>	<b>3,168</b>	<b>3,251</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		
Cash and Cash equivalents at the beginning of the period	52	124
Cash and Cash equivalents at the end of the period	<b>204</b>	<b>52</b>

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**STATEMENT OF CHANGES IN TAXPAYERS' EQUITY  
FOR YEAR ENDED 31 MARCH 2011**

	<b>General Fund £'000</b>	<b>Total Reserves £'000</b>
<b>Balance at 31 March 2010</b>	466	466
Net Operating Costs for the Year	(3,109)	(3,109)
Funding From SPCB	3,168	3,168
<b>Balance at 31 March 2011</b>	<b>525</b>	<b>525</b>

**Comparative (restated)  
for Year Ended 31 March 2010**

	<b>General Fund £'000</b>	<b>Total Reserves £'000</b>
<b>Balance at 31 March 2008</b>	551	551
Changes in Accounting Policy	(35)	(35)
<b>Restated Balance at 1 April 2008</b>	516	516
Net Operating Costs for the Year	(3,203)	(3,203)
Funding From SPCB	3,275	3,275
Notional Cost of Capital	21	21
<b>Balance at 1 April 2009</b>	609	609
Net Operating Costs for the Year	(3,413)	(3,413)
Funding From SPCB	3,251	3,251
Notional Cost of Capital	19	19
<b>Balance at 31 March 2010</b>	<b>466</b>	<b>466</b>

## **NOTES TO THE ACCOUNTS**

### **1 Accounting Policies**

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

#### **1.1 Accounting Convention**

These accounts have been prepared under the historical cost convention.

#### **1.2 Property, Plant and equipment**

##### **1.2.1 Capitalisation**

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

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

##### **1.2.3 Valuation**

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

##### **1.2.4 Depreciation**

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

Leasehold improvements	over the period of the lease
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 Scottish Parliamentary Corporate Body (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.

#### **1.5 Pension Costs**

##### ***The Ombudsman***

The Ombudsman is paid through the SPCB's payroll and is a member of the Principal Civil Service Pension Scheme (PCSPS).

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**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 2007. 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)).

**1.6 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 Change in Accounting Policy – Notional Cost of Capital**

HM Treasury, under the Clear Line of Sight (Alignment Project) removed the cost of capital charge from budgets and accounts from 1st April 2010. The cost of capital charge is therefore no longer applicable. The removal of the cost of capital charge is a change in accounting policy under IAS 8. Applying paragraph 31 of IAS 1 and, noting that the removal of the cost of capital charge has no effect on the balance sheets, a specific disclosure is not required. The impact on the prior-year Operating Cost Statement is:

	<b>£'000</b>
Other Administration costs as previously stated	761
Removal of Cost of Capital Charge	(19)
Other Administration costs as restated	<u>742</u>

**3 Income**

	<b>2011 £'000</b>	<b>2010 £'000</b>
Income from all Sources		
Income from lease of parking and office space	11	6
Gross income from training	79	9
	<u>90</u>	<u>15</u>

**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>2011 FTE</b>	<b>2010 FTE</b>
Ombudsman	1.0	1.0
Staff	45.5	44.7
	<u>46.5</u>	<u>45.7</u>



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**4.2 Breakdown of Staff Costs**

**Administrative Costs**

	Total £'000	Ombudsman £'000	Staff £'000
Salaries / Wages	1,871	83	1,788
Social Security Costs	149	9	140
Pension Costs	329	20	309
	<b>2,349</b>	<b>112</b>	<b>2,237</b>

**Comparative (restated)  
for Year Ended 31 March 2010**

**Administrative Costs**

	Total £'000	Ombudsman £'000	Staff £'000
Salaries / Wages	2,040	76	1,964
Social Security Costs	151	7	144
Pension Costs	370	19	351
	<b>2,561</b>	<b>102</b>	<b>2,459</b>

**5 Pension Costs**

For 2010-11 employer's contributions of £306,834 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 2011.

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 Other Administrative Costs**

	2011 £'000	2010 (restated) £'000
Property Costs	247	256
Professional Services	100	149
General Office Running Costs	272	227
Training	24	21
Travel and Expenses	22	22
Printing and Publications	21	4
Telephones and Postage	26	39
Outreach	29	24
	<b>741</b>	<b>742</b>

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The above total includes £22,100 (2010, £22,100) for external auditor's remuneration including Audit Scotland's fixed charge of £2,100 (2010, £2,100). External auditor received no fees in relation to non audit work. Included within Administration costs are £25,610 (2010, £25,832) of equipment rental costs in association with operating leases.

**7 Property, Plant and Equipment**

	<b>Leasehold Improvements</b>	<b>Equipment</b>	<b>Furniture Fixtures and Fittings</b>	<b>IT Hardware and Systems</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
At 1 April 2010	493	21	162	161	837
Additions	-	-	24	23	47
At 31 March 2011	<u>493</u>	<u>21</u>	<u>186</u>	<u>184</u>	<u>884</u>
<b>Depreciation</b>					
At 1 April 2010	177	21	148	118	464
Charge for Year	33	-	11	29	73
At 31 March 2011	<u>210</u>	<u>21</u>	<u>159</u>	<u>147</u>	<u>537</u>
<b>Net Book Value at 31 March 2011</b>	<u><b>283</b></u>	<u><b>-</b></u>	<u><b>27</b></u>	<u><b>37</b></u>	<u><b>347</b></u>
<b>Net Book Value at 31 March 2010</b>	<u><b>316</b></u>	<u><b>-</b></u>	<u><b>14</b></u>	<u><b>43</b></u>	<u><b>373</b></u>

**8 Intangible Assets**

<b>Cost</b>	<b>£'000</b>
At 1 April 2010	129
Additions	1
At 31 March 2010 and 2011	<u><b>130</b></u>
<b>Depreciation</b>	
At 1 April 2010	58
Charge for Year	36
At 31 March 2011	<u><b>94</b></u>
<b>Net Book Value at 31 March 2011</b>	<u><b>36</b></u>
<b>Net Book Value at 31 March 2010</b>	<u><b>71</b></u>

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**9 Trade Receivables and Other Current Assets**

	2011 £'000	2010 £'000
Prepayments	71	120
Other Debtors	6	15
	<b>77</b>	<b>135</b>
	<b>77</b>	<b>135</b>

**10 Trade Payables and Other Current Liabilities  
Amounts Falling Due Within One Year**

	2011 £'000	2010 £'000
Trade Payables	15	19
Accruals	124	146
	<b>139</b>	<b>165</b>
	<b>139</b>	<b>165</b>

**11 Operating Leases**

	Office Equipment £'000	Buildings £'000	Totals £'000
Operating Lease Payment Commitments Expiring:			
Within One Year of the Balance Sheet Date	9	-	9
Within Two to Five Years of the Balance Sheet Date	10	-	10
Over Five Years of the Balance Sheet Date	-	163	163
Total	<b>19</b>	<b>163</b>	<b>182</b>
	<b>19</b>	<b>163</b>	<b>182</b>

**Comparative (restated)  
for Year Ended 31 March 2010**

	Office Equipment £'000	Buildings £'000	Totals £'000
Operating Lease Payment Commitments Expiring:			
Within One Year of the Balance Sheet Date	-	-	-
Within Two to Five Years of the Balance Sheet Date	21	-	21
Over Five Years of the Balance Sheet Date	-	156	156
Total	<b>21</b>	<b>156</b>	<b>177</b>
	<b>21</b>	<b>156</b>	<b>177</b>

**12 Capital Commitments**

There were no contracted capital commitments as at 31 March 2011 (2010 £nil).

**13 Related Party Transactions**

The SPSO was constituted by the Scottish Parliament which provides funding for the Ombudsman. The SPCB is regarded as a related body. Neither the Ombudsman nor his staff has undertaken material transactions with the SPCB during the year.

**14 Financial Instruments**

As the cash requirements of SPSO are met through the Scottish Parliament budget process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with SPSO's expected purchase and usage requirements and SPSO is therefore exposed to little credit, liquidity or market risk.

Appendix 1: Direction by the Scottish Ministers



**SCOTTISH PUBLIC SERVICES OMBUDSMAN**

**DIRECTION BY THE SCOTTISH MINISTERS**

1. 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.
2. 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.
3. 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.
4. 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