

# Parliamentary and Health Service Ombudsman

## Supplementary Estimate Memorandum for 2023-24

## 1 Overview

### 1.1 Our role

The Parliamentary and Health Service Ombudsman (PHSO) was set up by Parliament to provide an independent complaint handling service. We make final decisions on complaints that have not been resolved by the NHS in England, UK government departments, and some other UK public organisations.

The Ombudsman is a Crown appointment, independent of government, but accountable to Parliament. Our work is scrutinised by the Public Administration and Constitutional Affairs Committee.

The PHSO's strategy for 2022-2025 sets out three key objectives:

- 1) **Objective 1:** People who use public services have a better awareness of the role of the Ombudsman and can easily access our service.
- 2) **Objective 2:** People we work with receive a high quality, empathetic and timely service, according to international Ombudsman principles.
- 3) **Objective 3:** We contribute to a culture of learning and continuous improvement, leading to high standards in public service.

We are requesting an additional £152k for the further impact of the adoption of IFRS16 on our Resource Departmental Expenditure Limit. When PHSO's CSR 2021 was submitted, the advice provided by the National Audit Office was that VAT on leases would be part of the capitalised costs of IFRS16. This advice has subsequently changed, with the impact on our Resource DEL of £152k per year. We are now seeking these additional funds as we cannot absorb this amount within our Resource DEL, in addition to the additional costs already borne of increased demand and significant inflationary increases.

We are also requesting an additional £268k in Net Cash Requirement to cover the impact of the VAT discussed above, as well as the impact of the higher than anticipated creditors at the 2023/23 financial year end, which although the invoices were accounted for in the 2022/23 accounts, they were paid for in the current financial year. We are expecting a return to normal levels of year-end creditors this financial year which causes a deficit against this year's net cash requirement.

## 1.2 Spending Controls

PHSO's net spending is broken down into four different spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("Resource DEL") - a net limit comprising day-to-day running costs
- Capital Departmental Expenditure Limit ("Capital DEL") - investment in capital projects such as ICT infrastructure
- Annually Managed Expenditure ("AME") - to recognise changes in our provisions
- Net Cash Requirement (NCR) - the amount of cash PHSO will pay out in the year.

## 1.3 Comparison of net spending totals sought

Spending total Amounts sought this year (Supplementary Estimate 2023-24) £m		Difference (+/-) compared to original budget. (Main Estimate 2023-24)	
		£m	change %
Resource DEL	41.984	0.152	0.4%
Capital DEL	11.748	-	-
Resource Annually Managed Expenditure (RAME)	0.783	-	-
Capital Annually Managed Expenditure (CAME)	0.380	-	-
Net cash requirement	42.933	0.268	0.6%

## 1.4 Key drivers of spending changes since the original budget

We are requesting an additional £152k in RDEL for the further impact from the adoption of IFRS 16, due to advice from the NAO regarding the accounting treatment of VAT arising on leases being changed. When PHSO's CSR 2021 bid was submitted, advice provided by the NAO was that this VAT would be included within

those costs that were capitalised. This advice has subsequently changed, with a subsequent impact on PHSO's Resource DEL, which cannot be absorbed. We are now seeking these additional funds.

We are also requesting an additional £268k in Net Cash Requirement to cover the impact of the VAT discussed above, as well as the impact of higher than anticipated creditors at the 2023/23 financial year end. Although the invoices were accounted for in the 2022/23 accounts, they were only paid in the current financial year. This is reflected in our underspend of NCR in the 2022/23 financial year.

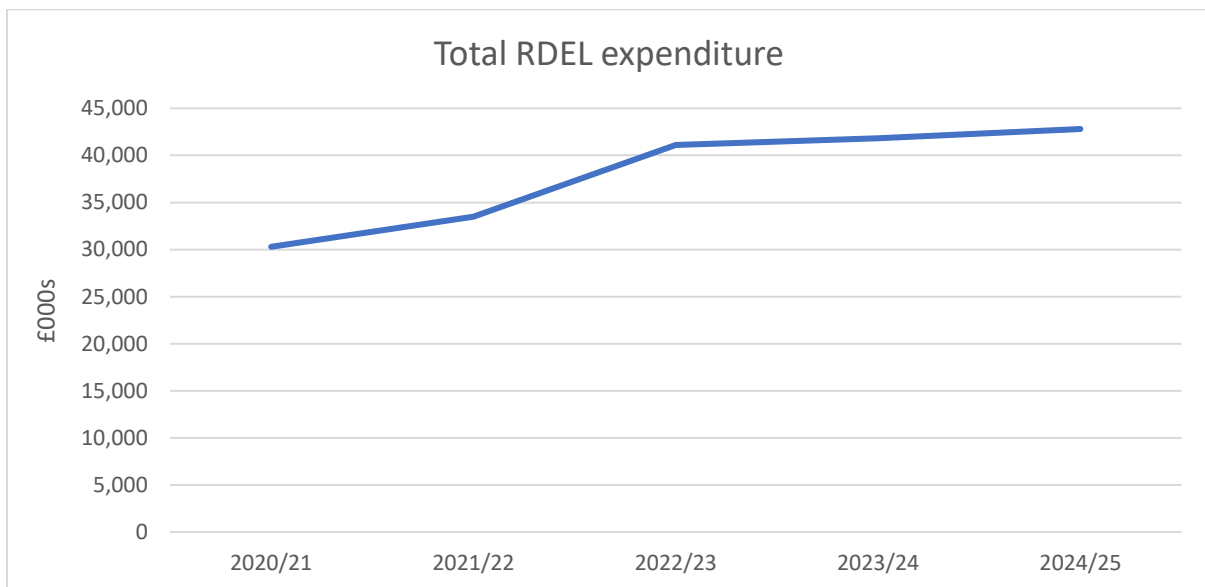
### 1.5 New policies and programmes, ambit changes

There have been no ambit changes.

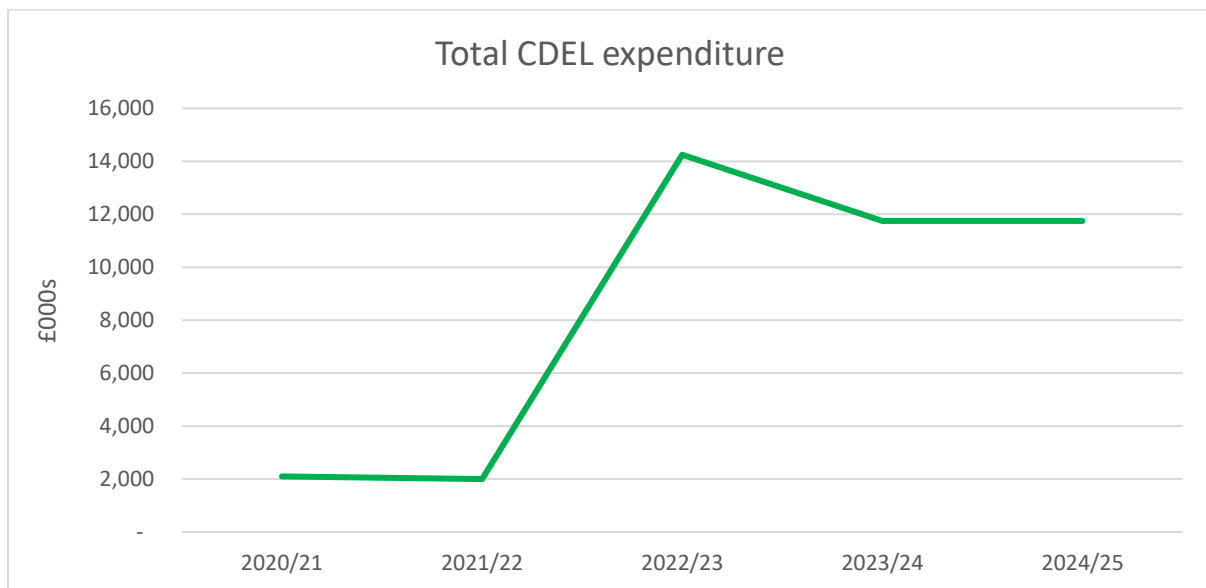
### 1.6 Spending trends

The charts below show estimates submitted over the period 2020/21 to 2024/25.

#### Resource DEL



## Capital DEL



The increase for 2022/23 is due solely to the adjustment for IFRS16.

### 1.7 Programme costs and efficiency plans

PHSO is funded on a Programme Costs basis.

### 1.8 Funding: other spending announcements

None.

## 2 Spending Detail

### 2.1 Explanations of changes in spending and income

	Resource		DEL		Is change significant?
	<i>This year (2023-24 Supplementary Estimates budget sought)</i>	<i>This year (2023-24 Main Estimate budget approved)</i>	Change to Main Estimates		
	£m			%	
Programme expenditure (Resource DEL)	42.043	41.891	0.152	0.4%	No
Gross expenditure	42.043	41.891	0.152	0.4%	No
Income	0.059	0.059	-	-	No
Net Expenditure	41.984	41.832	0.152	0.4%	No
Capital DEL	11.748	11.748	-	-	No
Resource Annually Managed Expenditure	0.783	0.783	-	-	No
Capital Annually Managed Expenditure	0.380	0.380	-	-	No

### 2.2 Restructuring

No restructuring is planned during 2023-24.

### 2.3 Ring-fenced budgets

Depreciation is the only ringfenced budget in PHSO finances.

Ring-fenced budgets		Difference (+/-) compared to Main Estimate. (Main Estimate 2023-24)	
Amounts sought this year (Supplementary Estimate 2023-24)		£m	%
Depreciation	3.150	-	0%

## 2.4 Changes to contingent liabilities

PHSO does not have any contingent liabilities.

## 3 Priorities and Performance

### 3.1 How spending relates to objectives

The table below lays out the financial allocation of the funding to objectives, excluding depreciation.

	<b>Objective 1:</b> People who use public services have a better awareness of the role of the Ombudsman and can easily access our service  £m	<b>Objective 2:</b> People we work with receive a high quality, empathetic and timely service, according to international Ombudsman principles  £m	<b>Objective 3:</b> We contribute to a culture of learning and continuous improvement, leading to high standards in public service  £m	<b>Total</b>  £m
Operations, Legal & Clinical	10.684	7.648	4.708	23.040
Strategy	2.882	1.024	1.264	5.170
Corporate Services	5.217	3.003	2.403	10.623
<b>Total</b>	<b>18.783</b>	<b>11.675</b>	<b>8.375</b>	<b>38.833</b>

Figures in the table exclude depreciation of £2.979m which is not allocated across objectives.

### 3.2 Measures of performance against each priority

PHSO's [Service Charter](#) sets out commitments to the service provided at different stages of the complaints investigation process. Information is gathered by an independent company from individual complainants and from the organisations we investigate about performance against these commitments, to measure views about how well the service is being delivered and where improvements could be made.

We continue to see an increase in the demand for our service, currently 6% above that which we are funded for, and our priority is to reduce the queue of cases to frictional levels by the end of the strategy period. We measure performance through a series of key performance indicators (KPIs) which are set out in our business plan and budget for 2023-24. This financial year our focused approach to

managing the casework queue has seen it reduce from 1065 cases at the beginning of April down to 770 at the end of October.

### 3.3 Commentary on steps being taken to address performance issues

We continue to invest in our casework teams and also in our training programme, identifying career development paths and adopting a revised approach to reward to drive staff retention. We expect to return the queue to frictional levels by March 2024.

### 3.4 Major projects

None

## 4 Other Information

None

## 5 Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by me as Accounting Officer.

*Rob Behrens*

Rob Behrens  
Ombudsman  
14 November 2023