

Parliamentary and Health Service Ombudsman

Main Estimate Memorandum for 2021-22

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.

2020/21 was the final year of the 2018/21 strategy which set out our vision to be an exemplary public services Ombudsman by providing an independent, impartial and fair complaints resolution service, while using casework to help raise standards and improve public services.

The next strategy will now be launched in 2022/23, allowing for a period of recovery from the impact of COVID-19. For 2021/22 the one-year business plan bridges from the previous strategy to the next and sets out three key objectives for the year:

Objective 1: Managing the Impact of COVID-19 and Embedding Strategic Change

Objective 2: Priority Corporate Projects

Objective 3: Future Strategy Development

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 (Main Estimate 2021-22) £m | | Difference (+/) compared to final budget last year. (Supplementary Estimate 2020-21) | | Difference compared to original budget last year (Main Estimate 2020-21) | |
|---|--------|---|----------|--|----------|
| | | £m | change % | £m | change % |
| Resource DEL | 33.491 | 3.200 | 11% | 3.400 | 11% |
| Capital DEL | 2.000 | (0.100) | (5%) | (0.100) | (5%) |
| Annually Managed Expenditure (AME) | 1.499 | 0.799 | 114% | 0.799 | 114% |
| Net cash requirement | 35.940 | 3.377 | 10% | 3.377 | 10% |

1.4 Key drivers of spending changes since last year

The key drivers leading to changes to overall spending levels are set out below.

Responding to the impact of the COVID-19 pandemic (£2.9m):

- additional casework resources to manage the increase in the queue of unallocated casework, which has arisen due to the impact of COVID-19 and to enable us to deal with the anticipated increase in demand. This amounts to £2.9m.

Improving the quality of our service (£0.3m):

- delivering improvements to the quality of our service and future ways of working, including the ICT infrastructure, to enable PHSO to become a modern, adaptive organisation. This amounts to £0.3m.

The Capital DEL will reduce by of £0.1m (5%) and will be used primarily across the following areas:

- Core ICT Infrastructure
- Agile working
- Cyber Security
- Buildings and accommodation

This investment will be supporting the organisation to respond effectively to the post-COVID-19 environment world, which will demand a much greater digital innovation and agility. We will also continue to invest in the technology infrastructure which underpins our service to enable us to operate effectively and effectively. This will meet the government priority of improving public services and in particular, complainants' experience of our service.

Cyber security and data protection will continue to be a priority, this underpins both public and parliamentary confidence, and we will invest to ensure our security is best practice.

Annually Managed Expenditure is forecast to increase to £1.499m. This increase reflects anticipated requirements in relation to office dilapidation costs and litigation cases.

The increases in Net Cash Requirement reflect the changes in RDEL and will ensure sufficient liquidity.

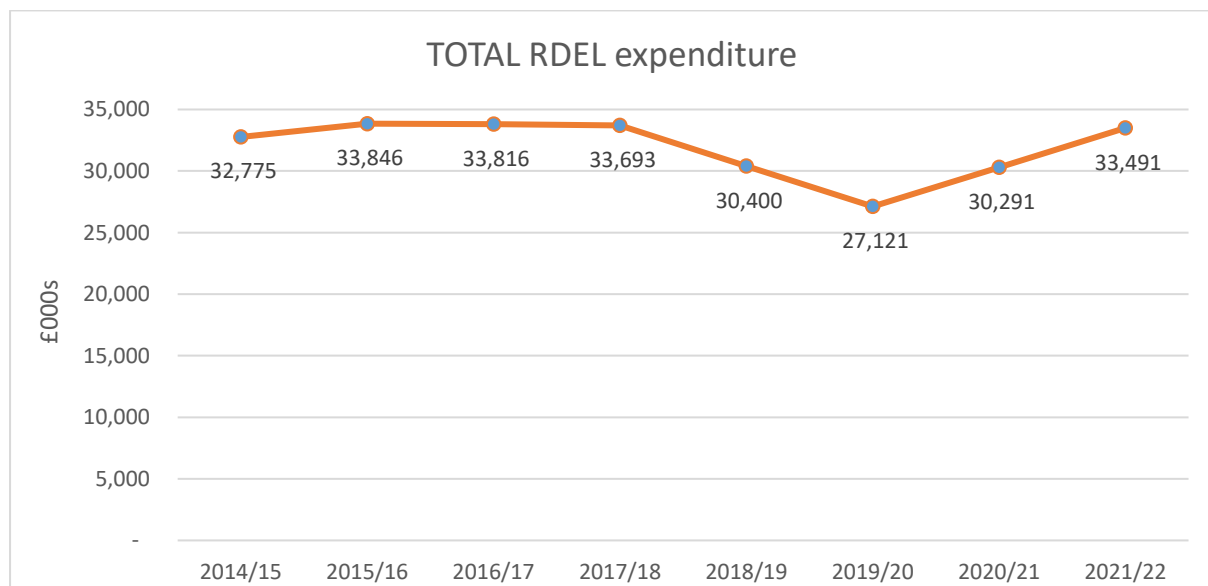
1.5 New policies and programmes, ambit changes

There have been no ambit changes.

1.6 Spending trends

The charts below show overall spending trends over the period 2014/15 to 2021/22.

Resource DEL



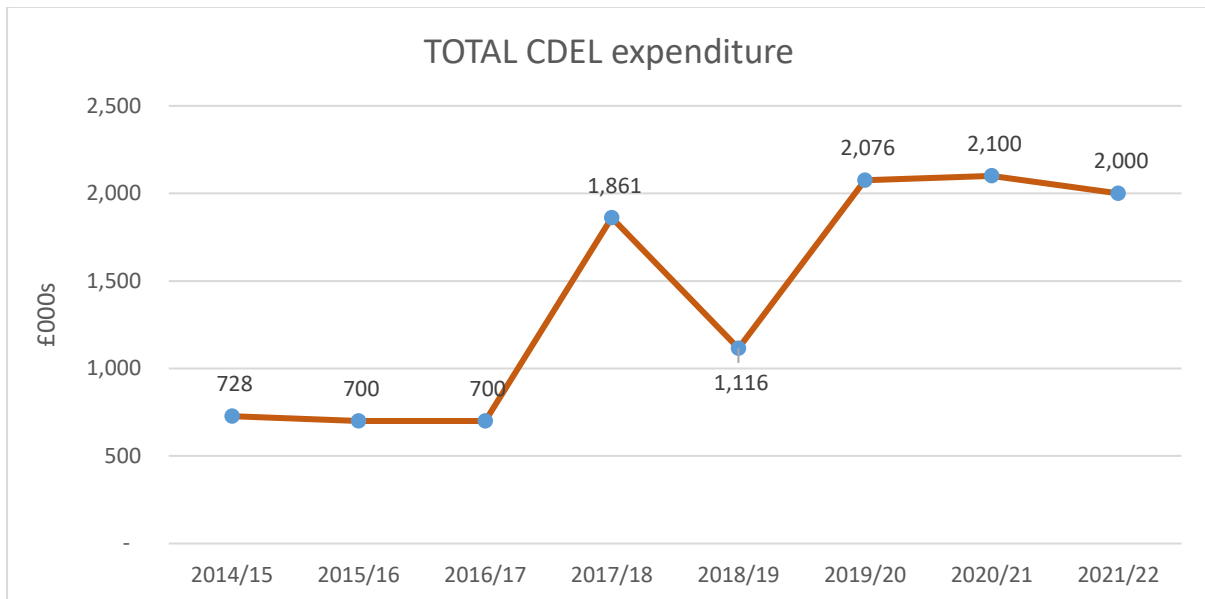
Notes to the Chart

- The 2014/2015 to 2019/20 spend is as reported in the Annual Report and Accounts for those years, 2020/21 is as per the Supplementary Estimate and 2021/22 is as per the Main Estimate.
- Resource DEL includes depreciation.

Resource DEL remained relatively stable up to 2017/18. The dip between 2018 to 2020 primarily relates to a previous CSR spending period where there was an 24% in real terms reduction. The spending increase in 2020/21 and 2021/22 relate to an increase in demand which secured additional resources in the CSR19 submission, as

well as resource to manage the impact of COVID-19 as part of the CSR20 submission.

Capital DEL



Notes to the Chart

- The 2014/2015 to 2019/20 spend is as reported in the Annual Report and Accounts for those years, 2020/21 is as per the Supplementary Estimate and 2021/22 is as per the Main Estimate.
- AME is not shown as it is not deemed to be of a significant value.

Capital DEL has remained relatively stable since 2019/2020 and reflects the investment in the technology required to modernise the service. The 2017/18 increase was to deliver the relocation of the majority of PHSO's operations from London to Manchester to achieve the savings within the previous CSR.

1.7 Administration costs and efficiency plans

PHSO is funded on a Programme Costs basis.

1.8 Funding: Spending Review and budgets

The significant and adverse impact of COVID-19 on public finances has resulted in a one-year funding arrangement for most of the public sector, including PHSO, for 2021/22 financial year. It is expected that there will be a return to the multi-year settlements for 2022-25.

1.9 Funding: other spending announcements

None.

2 Spending Detail

2.1 Explanations of changes in spending and income

| Resource | DEL | | Change from last year | | Is change significant? See explanation, note number |
|--------------------------------------|---|--|-----------------------|------|--|
| | <i>This year (2021-22 Main Estimates budget sought)</i> | <i>Last year (2020-21 Supp. Estimates budget sought)</i> | £m | % | |
| Programme expenditure (Resource DEL) | 33.491 | 30.331 | 3.160 | 10% | Note 1 |
| Gross expenditure | 33.491 | 30.331 | 3.160 | 10% | |
| Income | | (0.040) | 0.040 | | Note 2 |
| Net Expenditure | 33.491 | 30.291 | 3.200 | 11% | |
| Capital DEL | 2.000 | 2.100 | 0.100 | (5%) | Note 3 |
| Annually Managed Expenditure | 1.499 | 0.700 | 0.799 | 114% | Note 4 |

Note 1: The CSR20 submission requested additional resources to manage the impact of COVID-19 and to service growing demand.

Note 2: Income in 2020/21 related to Legal Fees Recovered. There is no expected income in 2021/22.

Note 3: Capital DEL relates to modernising PHSO systems including ICT infrastructure and information security.

Note 4: Annually managed expenditure has increased due to an increase in our provisions in Legal costs and Dilapidations.

2.2 Restructuring

No significant restructuring is planned during 2021/22.

2.3 Ring-fenced budgets

The table below indicates that Depreciation is the only ringfenced budget in PHSO finances.

| Ring-fenced budgets Amounts sought this year (Main Estimate 2021-22) | | Difference (+/-) compared to final budget last year. (Supplementary Estimate 2020-21) | | Difference (+/-) compared to original budget last year (Main Estimate 2020-21) | |
|--|-------|---|-----|---|-----|
| | | £m | % | £m | % |
| Depreciation | 1.547 | -0.081 | -5% | -0.081 | -5% |

2.4 Changes to contingent liabilities

PHSO does not have any contingent liabilities.

3 Priorities and Performance

3.1 How spending relates to objectives

Objective 1: Managing the Impact of COVID-19 and Embedding Strategic Change

This objective is delivered by all directorates in PHSO and is focused on delivering and supporting the casework service.

Objective 2: Priority Corporate Projects

Activities in the business plan under this objective are primarily project-based transformation activities. They are in most part delivered by the Corporate Services directorate.

Objective 3: Future Strategy Development

This objective will deliver Complaints Standards across organisations in our jurisdiction, starting with the NHS. This work will include development of accredited training system to support complaint handling across UK parliamentary bodies and the NHS in England. The funding will also support research to identify how best to expand PHSO's service to underrepresented groups.

The table below lays out the financial allocation of the funding to these objectives.

| | Objective 1: Managing COVID-19 and Embedding Strategic Change | Objective 2: Priority Corporate Objectives | Objective 3: Future Strategy Development |
|--------------------|--|---|---|
| | £m | £m | £m |
| Operations | 15.469 | | |
| Legal and Quality | 4.325 | | |
| Corporate Services | 11.071 | 0.360 | 0.515 |
| Capital DEL | 0.516 | 0.723 | 0.761 |

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. These commitments measure views about how well the service is being delivered and where improvements could be made. Information is gathered by an independent company from individual complainants and from the organisations' we investigate. Performance against the Charter is published on the PHSO website on a quarterly basis and has remained relatively broadly stable in the year to date despite the impact of COVID-19 on our service.

During 2020/21, the impact of COVID19 has significantly affected operational delivery performance. Delivery performance is measured against several Key Performance Indicators (KPIs). These measure speed of throughput of casework and the length of time cases are being investigated. Other KPIs measure staff turnover and sickness rates.

The impact of COVID-19 on our casework in 2020/21 has been significant. A large queue of unallocated cases has built up, and continues to grow as workplace restrictions, as well as the inability to obtain prompt responses to enquiries from the NHS, impact on productivity. We have put in place measures in the 2021/22 business plan to reduce the queue of cases and improve outputs.

3.3 Commentary on steps being taken to address performance issues

The steps taken to help to address the areas where performance is being impacted are summarised below:

- Recruitment of additional caseworkers to address the increase in the number of people waiting to access our service
- Delivery of a project to prioritise cases where greater injustice has occurred

- Targeted action to reduce the number of cases over 18 months duration.
- Development of a comprehensive wellbeing programme to support staff during the pandemic.

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 myself as Accounting Officer.

Rob Behrens

Rob Behrens
Ombudsman
31 March 2021