Parliamentary and Health Service Ombudsman

Parliamentary and Health Service Ombudsman

Supplementary Estimate Memorandum for 2019-20

November 2019

1 Overview

1.1 The role of the Parliamentary and Health Service Ombudsman

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 PHSO's vision is to be an exemplary public services ombudsman by providing an independent, impartial and fair complaints resolution service, while using our casework to help raise standards and improve public services.

We intend to do this through the following three objectives:

Objective 1 – To improve the quality of our service, while remaining independent, impartial and fair.

Objective 2 – To increase the transparency of our casework.

Objective 3 – To work in partnership to improve public services, especially frontline complaint handling.

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

1.2 Spending Controls

PHSO's net spending is broken down into a number of 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 that fund day-to-day running costs

- Capital Departmental Expenditure Limit (Capital DEL) - investment in capital projects such as ICT infrastructure

- Annually Managed Expenditure Limit (AME) – the change in the amount we need to set aside for provisions from the previous year

- Net cash requirement (NCR) which is designed to cover the elements of the above budgets which require PHSO to pay out cash in year.

1.3 Comparison of spending totals sought

Net spending total Amounts sought this year (Supplementary Estimate 2019-20)		Compared to original budget last year (Main Estimate 2019-20)		Compared to final outturn last year (Outturn 2018-19)	
		£m	change %	£m	change %
Resource DEL	28.631	0.55	2%	-1.106	-4%
Capital DEL	2.17	1.47	210%	1.142	111%
AME	1.337	0.369	38%	3.873	153%
Net cash requirement	29.988	2.591	9%	-0.05	-0.2%

1.4 Key drivers of spending changes since original budget

PHSO is requesting the following additional funds:

£354k within the Resource DEL budget to fund restructure and ICT costs that cannot be charged to Capital DEL. This is to deliver key organisation and IT transformation activity as part of year 2 of PHSO's corporate strategy.

£196k in relation to the Ombudsman salary and on costs. The non-voted Ombudsman's salary and on-costs was deducted from the Voted RDEL total in the Main Estimates, resulting in both Resource DEL and Net Cash Requirement being understated by £196,000. Additional amounts are therefore required for both control totals to adjust for this.

£1.47m Capital DEL to enable PHSO to invest in new IT infrastructure and to replace the case management system as part of year 2 of its business plan.

1.5 New policies and programmes, ambit changes

PHSO need to include the following income in its ambit for 2019/20:

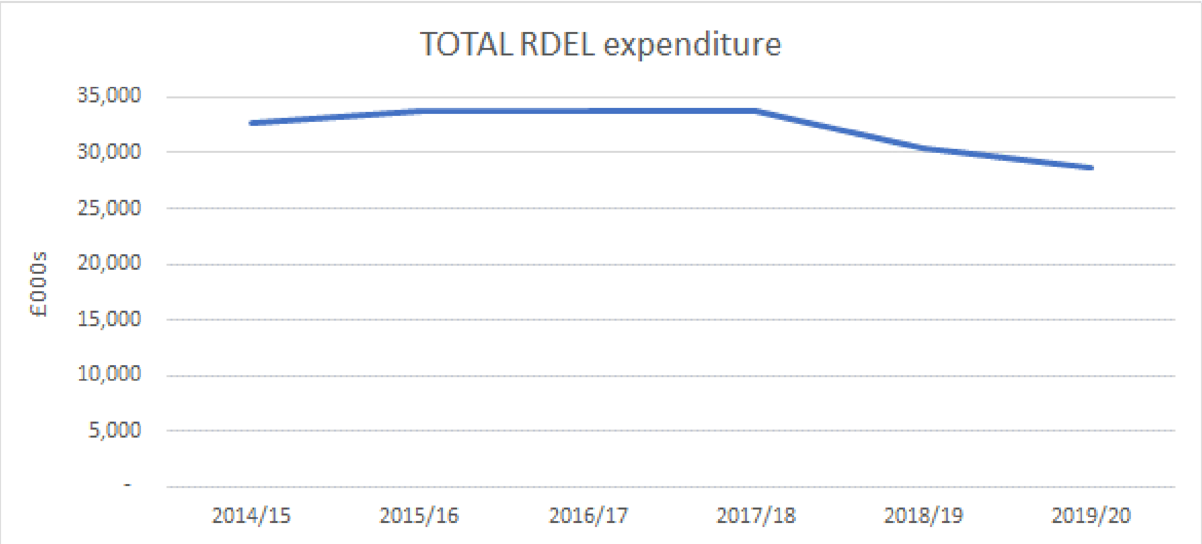
*Recovery of costs of staff on loan or secondment.

*Monies received from sale of goods or services and recovery of costs or miscellaneous income not classified elsewhere.

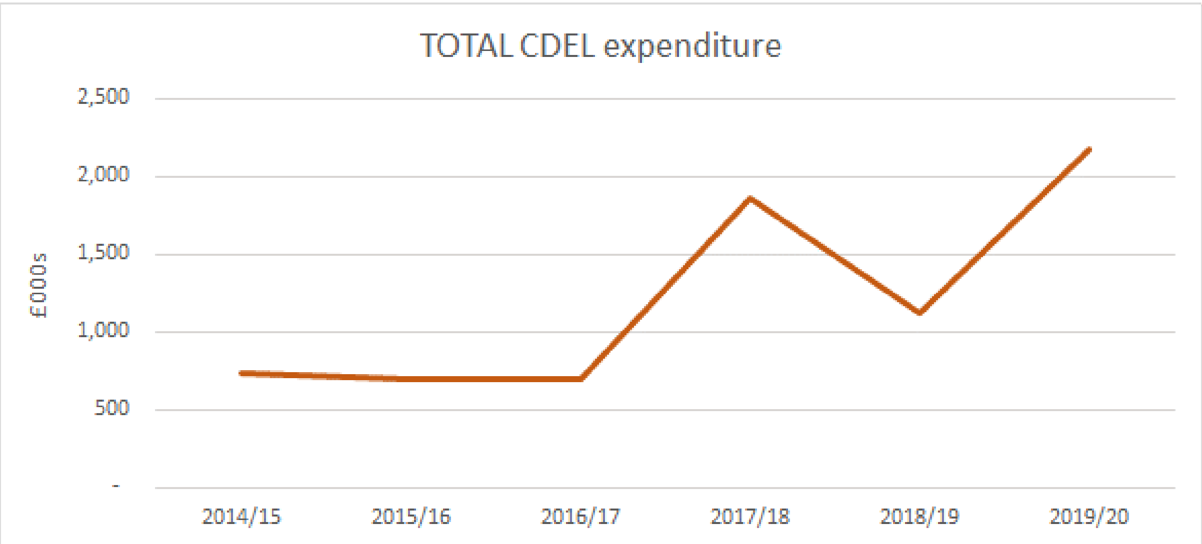
1.6 Spending trends

The charts below illustrate both RDEL and CDEL expenditure since 2014/15.

RDEL Expenditure



CDEL Expenditure



1.7 Administration costs and efficiency plans

All PHSO costs are classified as programme costs. There are no administration costs.

In 2019/20 RDEL costs on a like to for like basis will be £2.2m less than 2018/19. The largest element of this reduction arises from reducing the size of the London office following the relocation of staff to Manchester in the previous year, which in total will deliver efficiency savings of £1.5m.

1.8 Funding: other spending announcements

PHSO has not made any spending announcements.

2 Spending Detail

2.1 Explanations of changes in spending and income

	Resource DEL				
	This year (2019-20 Supplementary Estimate budget sought)	*This year (2019-20 Main Estimate budget approved)*	Change from Main Estimates		Is change significant?
	£m			%	
Programme expenditure	28.781	28.081	0.700	2%	No
Gross expenditure	28.781	28.081	0.700	2%	No
Income	0.150		0.150		N/A
Net Expenditure	28.631	28.081	0.550	2%	No

2.2 Restructuring

There are no major restructuring plans in 2019/20 but a number of individual teams within Corporate Services have been restructured. PHSO undertook a significant organisation wide restructure (including the senior staff structure) in 2017/18. Any further structural changes are small refinements.

2.3 Ring-fenced budgets

Ring-fenced budgets **Amounts sought this year**	**Compared to original Main Estimate** **(Main Estimate 2019-20)**	**Compared to final outturn last year** **(Outturn 2018-19)**

(Supplementary Estimate 2019-20)		£m	%	£m	%
Depreciation	1.628	1.628	0%	0.627	160%

Depreciation for 2019/20 will be significantly higher due to the increased capital spend on accommodation assets in 2018/19 and on new ICT and case management system assets in 2019/20.

2.4 Changes to contingent liabilities

PHSO currently has no contingent liabilities.

3 Priorities and Performance

3.1 How spending relates to objectives

The first strategic objective is aimed at improving the quality of the service that is provided - this objective is mainly delivered by the Operations directorate that deliver PHSO's casework service.

Objective two relates to increasing the transparency of PHSO's service and Objective three relates to how we work in partnership with public services particularly to improve frontline complaint handling, in which the Strategy directorate has a leading role.

The majority of the supporting activities that underpin the strategy are completed by Corporate Services staff and are reflected in PHSO's business plan as 'business critical enablers'.

All PHSO directorates work towards the delivery of the strategy and work across all objectives.

	Objective 1: To improve the quality of our service £m	**Objective 2:** To increase the transparency of our casework £m	**Objective 3:** To work in partnership to improve public services £m	Business Critical Enablers £m
RDEL				
Operations	14.62			
Strategy and Communications		1.62		
Corporate Services			12.39	
CDEL				2.17

3.2 Measures of performance against each priority

PHSO's Service Charter makes commitments about the service provided at different stages of the complaints investigation process. These commitments measure how well the service and is being delivered and where improvements need to be made. Information is gathered by an independent company from individual complainants and from the organisations investigated. Performance is published on the PHSO website on a quarterly basis and has remained relatively stable over the last two years despite a significant restructuring and transformation programme being delivered.

Delivery performance is measured against a number of Key Performance Indicators (KPIs). These measure speed of throughput of casework and the length of time cases are being investigated. Other KPIs measure individual staff member productivity and the number of cases queued to await allocation for investigation. Further KPIs measuring the quality of casework output have been developed and we expect to have data to measure against these by the end of the financial year.

We have seen a sustained increase in demand throughout 2019/20 of 12%. This is now impacting on previously good KPI performance in a number of areas in particular the number of unallocated cases, which in turn is having an impact on the overall length of time that complaints are held within our system. This is resulting in a negative impact on Service Charter scores in relation to overall service provision.

3.3 Commentary on steps being taken to address performance issues

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

- Recruitment of additional caseworkers to address the increase in demand.
- Targeted action to reduce the number of cases over 12 months duration.
- Ongoing training and accreditation of caseworkers.
- A new Quality Strategy, with increased audit and evaluation of outputs.
- Implementing the ICT & Digital Strategy, including the modern technology needed to deliver improvements in case handling, and to enable the publishing of investigation reports on our website. A key part of this is a new Casework Management System, due to be launched in December 2019.
- Introduction of new ways of working to resolving cases earlier, including through early dispute resolution and mediation.
- Implementation of the recommendations of the independent Clinical Advice review, to reduce disputes about clinical findings.

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

21 November 2019