



Memorandum

for the House of Commons

Public Administration and Constitutional Affairs Committee

**Parliamentary and Health Service
Ombudsman
Main Supply Estimate
for 2017-18**

November 2017

Preface

Our vision

1. Our vision is for everyone, whoever they are, to be confident that complaining is straightforward, fair and can make a difference.

Our role

2. We were 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 and UK government departments, and some other UK public organisations. We do this independently and impartially and our service is free for everyone.
3. We look into complaints where an individual believes there has been injustice or hardship because an organisation has not acted properly or fairly, or has provided a poor service and not put things right.
4. We share findings from our casework with Parliament to help it hold organisations that provide public services to account, and we share these findings more widely to help others drive improvements in public services.
5. We are accountable to Parliament and our work is scrutinised by the Public Administration and Constitutional Affairs Committee.

Purpose

6. The purpose of this Memorandum is to provide the Public Administration and Constitutional Affairs Committee with an analysis of the resource, capital and cash provision sought in the Parliamentary and Health Service Ombudsman's Main Estimate for 2017-18.

Introduction

7. In 2013 we embarked on a five-year journey to achieve more impact for more people. We identified five strategic aims:
 - i. We will make it easier for people to find and use our services.
 - ii. We will help more people by resolving and investigating more unresolved complaints, and providing an excellent customer service for everyone who contacts us.
 - iii. We will share what we learn from complaints with others to help them make public services better.
 - iv. We will work with others to make it easier to complain about public services and to help resolve complaints better.

- v. We will make sure our organisation works well to help us achieve our aims.
8. While we have made substantial progress against this strategy, significant change in 2017, including the appointment of a new Ombudsman, means that our ambitions for transformation are now greater and will continue beyond the final year of this strategy.
 9. This year we will develop a new three-year corporate strategy that will build on the progress we have made on our transformation so far and set out what we want to achieve in the future. I look forward to discussing our future plans with you and seeking your input later this year.

Our bid for resources for 2017-18

10. This Memorandum sets out the resources that we need to deliver the final stage of the current strategy in 2017-18. We are doing this at a time when there is significant pressure on public finances, so it is important that we reduce our demand on the public purse and deliver value for the taxpayer. This is why we have committed to reducing our costs by 24% in real terms by 2019-20 as part of the Government's Comprehensive Spending Review. Our CSR submission is set out in Table 1 below.

Table 1 - CSR submission

PHSO	2015-16 £000	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000
Inflated baseline	31,773	32,320	32,910	33,543	34,240
PHSO spending plans	31,773	31,993	31,186	28,004	25,942
Real terms reduction					8,298
Real terms reduction %					24.23%

11. As a result we developed a savings plan to deliver our commitments, which is shown in Table 2 below. We are on target to meet this plan, with 2016-17 savings already fully delivered.

Table 2 - Savings Plan

PHSO	2016-17 £000	2107-18 £000	2018-19 £000	2019-20 £000
Savings required	2,159	2,406	1,916	2,161

12. We have already made investments in new casework management, telephony and finance systems to improve our ability to serve people well and provide more insight to Parliament. In addition we are investing in our Governance structures to ensure they continue to be robust, and staff training to meet the demands of a changing delivery environment. We have made these investments in consultation with the Local Government and Social Care Ombudsman, so that

we can continue to align our services irrespective of whether the Draft Public Service Ombudsman Bill, which would bring our services together, is taken forward. Cross-membership between our respective Boards is helping us in this alignment of our two offices.

13. In 2016-17 we started to deliver the savings we committed to over the next four years. Our focus in 2017-18 is on further reducing our office accommodation costs, especially by moving the majority of our operational roles from London to Manchester, implementing smarter and more efficient ways of working and further investment in technology as well as re-sizing our corporate teams.
14. The following tables summarise our spending control figures requested in the Main Estimate for 2017-18 and also the requirements for our office from the Spending Review 2015 through to 2019-20. Please note that the numbers shown below for 2017-18 are taken from PHSO's main estimates.
15. In August 2017, PHSO agreed a reserve claim for additional capital resources with Her Majesty's Treasury to fund a move of accommodation from London to Manchester, which will enable a key part of the savings plan to be delivered. This amounted to £1,168k in 2017-18 and £416k in 2019-20. At the same time a claim for additional resource provision for 2017-18 of £1,804k in relation to the impact on our restructure costs of the 2016 Civil Service Pension Scheme being judged unlawful and of our onerous leases was also agreed. These will be confirmed along with any other changes as part of the supplementary estimates process and are therefore not yet included in the information in the tables below.

Table 3 - RDEL spending plans

£000	2017-18	2018-19	2019-20
RDEL VOTED	31,186	28,004	25,942
DEPRECIATION	1,100	1,100	1,100
RDEL NON VOTED	187	187	187
TOTAL RDEL	32,473	29,291	27,229

Table 4- CDEL spending plans

£000	2017-18	2018-19	2019-20
TOTAL CDEL	700	700	700

Table 5 - Resource Annually Managed Expenditure plans

£000	2017-18	2018-19	2019-20
RAME			
Release of Provisions	(4,051)	(2,570)	0
Create provisions	0	0	0
TOTAL RAME	(4,051)	(2,570)	0

Table 6 - Calculation of Net Cash Requirement

£000	2017-18	2018-19	2019-20
PHSO net cash requirement			
Total RDEL	32,473	29,291	27,229
Less non cash items			
Depreciation	(1,100)	(1,100)	(1,100)
Non voted RDEL	(187)	(187)	(187)
Add			
CDEL	700	700	700
Net cash requirement	31,886	28,704	26,642

16. The figures included for RAME in 2018-19 and 2019-20 remain subject to confirmation on submission of the Supplementary and Main Estimates for each of those years. The cash requirement for the release of provisions is accounted for in the cash RDEL.

Performance reporting

17. We will monitor our progress in implementing the aims and objectives of our strategy, our cost savings and our business plan in 2017-18. We will continue to set out our performance against these measures in our Annual Report and Accounts and in our annual scrutiny session with the Public Administration and Constitutional Affairs Committee. We will also continue to report on how we are meeting the specific commitments made in our Service Charter.

Approval of Memorandum

18. This Memorandum has been prepared with reference to guidance in the *Supply Estimates: a guidance manual* provided by HM Treasury. The information in this Memorandum has been approved by Rob Behrens CBE, the Accounting Officer of the Parliamentary and Health Service Ombudsman.