

# Parliamentary and Health Service Ombudsman

## Main Estimate Memorandum for 2019-20

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March 2019

## 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.

Our 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. Our work is scrutinised by the Public Administration and Constitutional Affairs Committee.

### 1.2 Spending Controls

PHSO's net spending is broken down into a several 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 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

Spending total Amounts sought this year (Main Estimate 2019-20)		Compared to final budget last year (Supplementary Estimate 2018-19)		Compared to original budget last year (Main Estimate 2018-19)	
		£m	change %	£m	change %
		Resource DEL	27.569	30.400	-9.3%
Capital DEL	0.700	1.116	-37.3%	1.116	-37.3%
AME	0.968	(2.147)	n/a	(2.147)	n/a

### 1.4 Key drivers of spending changes since last year

In 2019/20 we move into the second year of our corporate strategy and the final year of the current Comprehensive Spending Review, which will see us deliver almost 9% of savings to meet our CSR commitments. We are continuing to transform our service towards becoming an exemplary Ombudsman service which is a key driver for how we utilise our resources in 2019/20. In 2019/20 we will:

- Begin publishing some of our casework online to improve the transparency of our service
- improve the way we use clinical advice in our casework by implementing the recommendations of a clinical advice review
- complete our pilot on early dispute resolution and mediation, to resolve cases earlier, and
- Accredit our senior caseworkers who have undergone a comprehensive training programme.

Investing in our ICT to deliver our new ICT and Digital strategy is also a key driver. In November 2019 our outsourced contract for ICT infrastructure and helpdesk services will end, which coincides with the end of life of much of our ICT infrastructure. We have a significant programme to replace our server infrastructure, desktop infrastructure, network and support to ensure a smooth and safe transition to new arrangements, which are aligned to the Government Digital Services principle of 'cloud first'.

In addition, we are upgrading our Casework Management System. This is a key priority as due to the level of customisation in our current system, a mandatory upgrade from Microsoft in October 2019 will remove key functionality from our current system. This offers the opportunity to harness technology change to become more streamlined and efficient, and to improve our services to our complainants and the organisations we investigate, as well as deepen the impact of our insight work.

Delivery of our ICT and Digital strategy is the subject of a bid for additional capital funding.

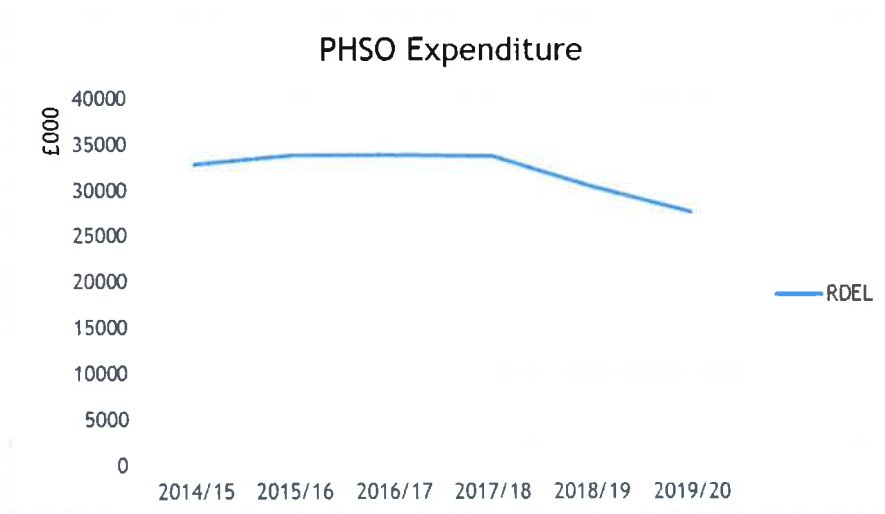
### 1.5 New policies and programmes, ambit changes

There have been no ambit changes.

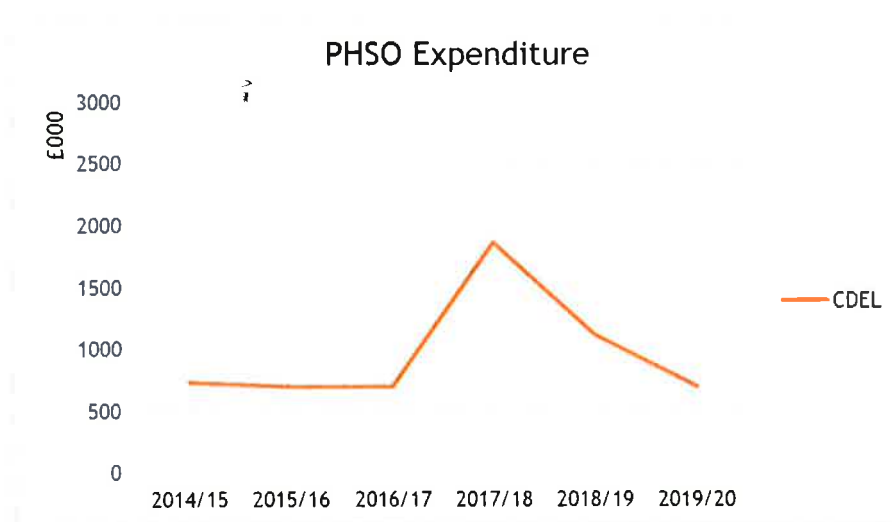
### 1.6 Spending trends

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 programme costs. There are no administration costs.

In 2019/20 we will deliver savings over £3m. The largest element of this is the cost reduction from relocating the majority of our operation from London to Manchester, which in total will deliver efficiency savings of £2.1m. In addition, in 2019/20 we will improve the efficiency in the way we undertake casework: for example increasing manager ratios in our

casework operation; restructuring the way we undertake internal reviews of our cases; reviewing the proportionality of our casework, and tightening the time threshold on cases that we consider.

Our new casework management system will enable the release of further efficiencies in 2020/21.

### 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				Is change significant?
	<i>This year (2019-20 Main Estimates budget sought)</i>	<i>Last year (2018-19 Supp. Estimates budget sought)</i>	Change from last year		
	£m			%	
Programme expenditure	27.6	31.9	-4.3	-13.5	Reflects CSR and end of onerous lease
Gross expenditure	27.6	31.9	-4.3	-13.5	
Income	-	-1.5	1.5	-100	Note 1
Net Expenditure	27.6	30.4	-2.8	-9.2	

Note 1: This reflects the end of the lease of our London accommodation, and the consequential sub-letting arrangements.

### 2.2 Restructuring

There are no major restructuring plans in 2019/20. 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	Compared to final budget last year	Compared to original budget last year
Amounts sought this year (Main Estimate 2019-20)	(Supplementary Estimate 2018-19)	(Main Estimate 2018-19)

		£m	%	£m	%
Depreciation	1.6	1.1	+45%	1.1	+45%

Depreciation for 2019/20 will be significantly higher due to the increased capital spend on accommodation assets in 2018/19 and the requirement to depreciate our existing casework management system in 2019/20.

## 2.4 Changes to contingent liabilities

We currently have no contingent liabilities. Contingent liabilities may arise from relating to legal cases and Judicial Reviews.

## 3 Priorities and Performance

### 3.1 How spending relates to objectives

Our first strategic objective is aimed at improving the quality of the service that we provide - our Operations staff contribute significantly to this objective with casework being delivered from the Operations directorate.

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

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

All of our 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
<b>RDEL</b>				
Programme Spend	14.1	1.6		11.9
<b>CDEL</b>	0.7			

### 3.2 Measures of performance against each priority

The table below sets out the latest position (Period 11 2018/19) of our key performance indicators (KPIs) against each strategic objective. There has been significant investment in our casework in 2018/19. This has included extensive caseworker training which has affected KPI performance in the early part of the year but we are now seeing improvements in performance. More detail about what we are doing to address performance issues is highlighted in 3.3 below.

	Measure	Target	Latest (P11 2018/19)
<b>Strategic Objective 1</b>	No. of unallocated cases at Intake (#)	<80	151
	No. of unallocated cases (#)	<250	290
	No of cases over 52 weeks (excluding Joint Working cases) (#)	<100	354
	Intake enquiries closed within 7 days from receipt into office (%)	≥95	91.8%
	Cases closed (excluding Intake enquiries) within 13 weeks from receipt into office (%)	≥50	39.5%
	Cases closed (excluding Intake enquiries) within 26 weeks from receipt into office (%)	≥75	71.4%
	Closed cases (excluding Intake enquiries) within 52 weeks from receipt into office (%)	≥95	91.9%
	'Giving you a good service' - Process Assurance score (%)	≥92%	76% (Q3)
	'Giving you a good service' - Customer Feedback score (%)	≥67%	68% (Q3)
<b>Strategic Objective 2</b>	'Giving you the information you need' - Process Assurance score (%)	≥92%	95% (Q3)
	'Giving you the information you need' - Customer Feedback score (%)	≥75%	81% (Q3)
	'Following an open and fair process' - Process Assurance score (%)	≥94%	87% (Q3)
	'Following an open and fair process' - Customer Feedback score (%)	≥65%	68% (Q3)

	Measure	Target	Latest (P11 2018/19)
Strategic Objective 3	No KPIs set against this objective - activity is dependent on future CSR resources	-	-

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

We have taken a number of steps in 2018/19 address performance issues:

- We have invested significantly in our casework, which includes the recruitment of additional caseworkers on a fixed term basis at a cost of £433k in June 2018 to assist in the delivery of improved operational performance. We have eliminated the queues experienced by those using our service which peaked at 2,037 in January 2018 to within frictional levels of fewer than 250 from end of October 2018. It has remained close to frictional levels since.
- We have invested in our staff, putting in place a new operating model, with all casework staff receiving professional skills training, leading to accreditation for senior caseworkers to equip our staff to deliver a high quality casework service.
- Alongside this, our staff have undertaken training in 'plain English' in report writing to improve the quality of our service and improve trust and confidence in what we do.
- We have piloted new approaches to resolving cases earlier where possible in our intake team, and developed plans for a wider pilot across the Office.
- We held our second open meeting and annual lecture, and have released a number of podcasts, continuing our ambition to become a more transparent and outward looking organisation.
- We published a transparent set of principles and case studies about the use of financial remedy to help our complainants and organisations we investigate have greater confidence and to know what to expect.
- We have reviewed how we use clinical advice and published the results of this work, setting out how we plan to change our approach and become an exemplary ombudsman service.
- We have developed a new ICT & Digital Strategy which sets out our investment in technology to both equip our staff with the technology they need to deliver improvements in our casework, and to enable us to publish our casework.
- An independent panel undertook a peer review of value for money into PHSO, which concluded that PHSO provides an important service that goes beyond investigating



complaints and that, as a result of strong leadership and new ways of working, offers good value for money for taxpayers.

The steps we will take in 2019/20 to continue to address performance are summarised below:

- We will continue to ensure that maintain a focus on improving casework timeliness and quality by investing in our casework resource and investing the training of our caseworkers, particularly through accrediting our senior caseworkers.
- We will progress resolving cases earlier through our early dispute resolution project and improving of casework process by implementing the recommendations of the Clinical Advice review.
- We will put in place measures to improve the quality of our casework through continuing training and accreditation of our caseworkers and the implementation of activities relating to our new Quality Strategy.
- we have a plan in place to reduce the number of cases over 12 months to within tolerance levels in 2019/20.
- We will begin publishing our casework on our website.
- We will improve performance of our casework process by investing in a new operational casework management system.

### 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  
Ombudsman

27 Mar 2019

