

MINUTES OF THE PHSO BOARD MEETING

TUESDAY, 19 MARCH 2013

Boardroom, 15th floor, Millbank Tower

10am-4.00pm

EXECUTIVE CHAIR:

Dame Julie Mellor DBE, the Ombudsman

EXECUTIVE MEMBERS:

Helen Hughes, Chief Operating Officer

Claire Forbes, Director of Communications

Gwen Harrison, Interim Director of Operations

Gavin McBurnie, Interim Director of Operations (Business Development)

Angela Paradise, Interim Divisional Director of Corporate Resources

NON-EXECUTIVE MEMBERS:

Peter Freedman

Sharmila Nebhrajani

Sir Jon Shortridge KCB

Helen Walley

Dr Tony Wright

IN ATTENDANCE:

Steve Brown, Head of Executive Office and Governance

Graham Payne, Director of Finance, Planning and Performance

Tye Wright, Risk and Assurance Manager (minutes)

Introductions and welcome

The Chair opened the meeting and noted that it was Claire Forbes' last meeting.

The Board thanked Claire for her outstanding contribution to the organisation throughout her time at PHSO and more recently in developing PHSO's strategy, 'More Impact for More People'. Board members wished her well for the future.

1. Minutes, matters arising and action points of the previous meetings

- 1.1 The minutes of the PHSO Board meeting on 29 January 2013 were approved as an accurate record.
- 1.2 Progress against the action points was noted.

2. Report from the Chief Operating Officer to the Board

- 2.1 Helen Hughes presented her report, which provided an update on key developments, both internal and external, since the previous meeting on 29 January 2013.

- 2.2 The Board discussed developments in relation to the Public Administration Select Committee's inquiry into complaint handling and the review of hospital complaints commissioned by the government following publication of the Francis Report.
- 2.3 The Board discussed the Department of Health's Review of the Regulation of Cosmetic Interventions and considered its potential implications for PHSO.
- 2.4 The Board was pleased to note the invitation to the Ombudsman from Sir David Nicholson, Chief Executive of the NHS, to join the National Quality Board (NQB). The Ombudsman attended the first NQB meeting held on 12 March.

3. The Strategic Plan: Investment Case Update

- 3.1 Helen Hughes introduced the paper and emphasised that work to develop the investment case was continuing alongside business planning.
- 3.2 The Board discussed the assumptions underpinning the investment case and agreed that it was appropriate to undertake further scenario planning. It was agreed that this should include the consideration of 'radical' scenarios, and specifically the 'best case scenario', 'worst case scenario' and a 'mid-point scenario'.
- 3.3 The Board discussed HM Treasury's 2013 Spending Review. [] The Board requested that the Leadership Team consider different scenarios for the outcome of the Spending Review, and beyond, and submit a report to the Board for its meeting on 30 April [].
- 3.4 The Board discussed the redesign of casework processes and anticipated efficiencies. It agreed the need to be bold in redesigning its processes, drawing on lean methodology, and the need to examine PHSO's engagement with bodies in jurisdiction ('BiJ') in order to obtain the best possible outcomes for complainants in an efficient and timely manner.
- 3.5 The Board raised the risk of 'lag' in achieving efficiencies i.e. the potential for delays in implementation having a knock-on effect to the overall timetable for achieving savings. Work to address this concern would be undertaken as part of the process redesign project. This would include the development of a comprehensive system to track anticipated benefits.
- 3.6 The Board noted the investment case update and acknowledged that further work would be required to develop scenario planning. It was content to proceed with the Strategic Plan on this basis, and recognised that there was a need to maintain some flexibility given the challenging external environment.

4. The Strategic Plan: The Five-Year Plan 2013-18

- 4.1 Helen Hughes introduced the Strategic Plan, which had been further developed following feedback from the Board at its meeting on 29 January. Claire Forbes outlined the changes, which reflected the Board's preference for a single plan in an accessible format consistent with 'More Impact for More People'.
- 4.2 The Board requested that the Plan made greater reference to the external environment and agreed that this should be included early in the document, making reference to building the organisation to become more flexible to change.
- 4.3 The wording of the 'our finances' section was discussed, in light of the different audiences the Plan was targeting. It was agreed that Claire Forbes and the Ombudsman should reflect on the discussion outside of the meeting and agree appropriate text for the section.
- 4.4 The Board discussed the need to make clearer the distinction between the Ombudsman's statutory role, i.e. the organisation's purpose, and what the five strategic aims are for the next five years. Claire Forbes and the Ombudsman would discuss this outside of the meeting.
- 4.5 The Board approved the Strategic Plan, subject to the completion of agreed actions.

5. PHSO 2013-14 Draft Corporate Business Plan

- 5.1 The Board was reminded that it had discussed the high-level content of the 2013-14 Business Plan at its previous meeting. A draft Plan had subsequently been developed and the Board was asked to comment on it prior to finalisation.
- 5.2 The Board made the following points:
 - there was a need for clarity on prioritisation and early indication of the potential 'trade-offs' should the Plan not proceed as scheduled. This would particularly assist the non-executive Board members in providing effective challenge and support to their executive counterparts
 - the interim leadership and management arrangements represented a risk to the delivery of the Plan. Non-executive Board members could support executive counterparts by engaging early on topics, particularly outside of formal meetings. The balance between executing the plan and keeping non-executives updated would also need to be managed

- the scale of ambition set out in the draft Plan was noted and it would be a challenging year ahead. However, both the Board and Leadership Team had demonstrated an appetite to finalise the Plan in time to commence delivery from 2 April.

5.3 The Board was content with the draft Plan and agreed that it should be finalised and submitted to the Board for formal approval at its meeting on 30 April. In the interim, there was an expectation that delivery would commence from 2 April.

6. 2013-14 Budgets - Progress Report

6.1 Graham Payne presented the report and outlined the assumptions. Part of the next stage of bidding for budgets would be the allocation of budgets to 2013-14 Corporate Business Plan priorities.

6.2 Board members discussed the report, in detail, with reference to the Strategic Plan investment case and where savings could be found.

6.3 The Board discussed the budget implications of the Business Transformation Programme ('the Programme'), including the organisational restructure.

6.4 The Board noted the update, risk context and next steps. It requested the following:

- the 2013-14 budget should be balanced from the outset
- work should commence to identify and quantify savings in more detail
- work should commence to determine potential training costs associated with the Programme
- the 2013-14 budget should open with a central reserve of (or close to) 1% of the organisation's total cost
- Leadership Team would need to monitor PHSO's financial position closely throughout 2013-14 and budget delegations should reflect this.

7. Business Transformation Programme Definition and Plan

7.1 Helen Hughes introduced the Programme Definition and Plan. The Programme was integral to the 'design and build' phase of the Strategic Plan and would take place at pace over the next 18 months.

7.2 The Board was asked if it was assured that the Programme had been appropriately defined and that the proposed framework would facilitate the Programme's effective management and delivery. The Board was also asked to indicate how it wanted to be engaged with the Programme as it progressed.

7.3 The Board discussed the Definition and Plan and executive members of the Board addressed queries fielded. Discussion considered the role of the Board and how it would be provided with assurance on the Programme, performance and risk reporting and the aims of each of the constituent projects.

7.4 The Board:

- agreed that the use of gateway reviews for Programme assurance should be considered
- requested that the Definition and Plan was updated to re-frame project 'aims' on an outcome basis
- noted concerns in relation to PHSO's project and programme management capacity and capabilities and recognised that this was an area for early development, particularly among the Senior Responsible Officer (SRO) community
- approved the proposal for Leadership Team to be the Programme Board; in turn the Leadership Team would provide assurance to the Board as 'critical friend', which was welcomed by the Ombudsman in her capacity as Accounting Officer.

8. Performance Measures and Reporting

8.1 Graham Payne presented the report and acknowledged that further development was required to consider reporting requirements in the medium-to-long term.

8.2 The Board discussed the paper and agreed:

- performance measurement and reporting was an important area which would benefit from a Board workshop to determine longer-term measurement requirements and reporting options
- the aim of the workshop would be to develop practical concepts for an integrated and proportionate approach to performance measurement and reporting. The differing reporting requirements of the Board and the Leadership Team would also need to be considered (i.e. the balance between strategic overview and operational detail) to ensure KPIs and associated measures were kept to a minimum for reporting purposes
- it may be beneficial to consider reporting through four 'lenses': our service to customers; Business Transformation Programme; PHSO's impact; and risk management

- there was a need for interim reporting arrangements and the 'balanced scorecard' proposal should be considered further outside of the meeting
- it was good practice to keep performance measurement and reporting under constant review in order to make continuous improvements and respond to circumstances
- before the proposed Board workshop Leadership Team members were to prepare presentations on 'what keeps them awake at night'.

9. Using our insight to develop a programme of campaigns

9.1 Claire Forbes presented the paper, which set out how PHSO can use its knowledge, insight and expertise within a structured framework to help the organisation achieve strategic aims three and four and at the same time develop its 'Unique Selling Point'. In developing the paper and its proposals PHSO had sought to learn from other similar organisations, including the National Audit Office ('the NAO') and the Ombudsman of Ontario.

9.2 The paper also set out the campaigns selected by the Ombudsman for 2013/14. It was acknowledged that this was not developed using a specific framework, as this was a new approach to be agreed.

9.3 The Board:

- welcomed the paper and conveyed its endorsement of the framework approach
- recognised that there was a need to consider the external environment as well as looking at how PHSO used its own knowledge and information
- agreed annex A, which set out the framework for campaign¹ proposals, with a preference that an alternative descriptor to 'campaign' was used in future. It was considered that use of this word could send confusing messages about PHSO's role
- agreed the governance arrangements, subject to one amendment noted
- noted the programme of campaigns at annex C and proposed process at annex D.

¹ The paper defined a 'campaign' as a 'series of coordinated activities that achieve a given aim(s)'

10. Post-Francis Influencing Plan

- 10.1 Claire Forbes presented the plan which set out: External Affairs' analysis of threats and opportunities presented by the Francis report; our Influencing Plan developed in response; and a summary of progress so far.
- 10.2 The Board discussed PHSO's aims in relation to our response to the Francis Report. The Board agreed with the aims but there was some concern that they had been expressed in a manner which might lack tangibility.
- 10.3 The Board acknowledged that the narrative had moved on from the initial publication of the outcome of the Francis Inquiry, where PHSO had not featured, and that much work had been done in the interim to ensure PHSO was positioned to deliver insight and make a significant contribution as part of the solution to the issues identified within the Report.
- 10.4 In summary, the Board agreed that PHSO needed to be ambitious in the aftermath of the Inquiry and to proceed at pace, in order to realise the unique opportunity to develop the organisation's insight and contribution.

11. More Impact for More People

- 11.1 Gavin McBurnie presented the report which outlined the work which had been undertaken to develop a trial process to increase the number of investigations undertaken by PHSO annually from hundreds to thousands. Gavin went on to explain the indicators of successful implementation, which would be monitored closely, and highlighted risks and actions being undertaken to mitigate them.
- 11.2 Helen Hughes noted that the pilot of the process had been progressed at pace and had demonstrated PHSO's ability to work holistically across teams, with which Board colleagues agreed.
- 11.3 Board members discussed the paper, including: the need to capture learning throughout the pilot, detailing feedback from staff, and how this would be achieved; the need to evaluate the pilot's effectiveness and impact on efficiency; communication on the changes with BiJ; and harmonisation of processes and performance measures with other Ombudsmen.
- 11.4 The Board was assured that the trial had been appropriately planned and that the key risks had been identified and were being proportionately managed. Gavin was congratulated on progress to date and the Board noted the importance of the project in moving towards PHSO's longer term complaints delivery model.

12. 2012-13 Annual Report and Accounts Timetable

12.1 Claire Forbes presented the timetable and informed the Board of the Ombudsman and COO's decision to publish a joint Annual Report and Accounts, instead of two separate documents.

12.2 The Board endorsed the decision and approved the governance arrangements.

13. 2012-13 Strategic Risk Review: Risk model, definitions, appetite and reporting

13.1 Steve Brown presented the report which proposed a new strategic risk assessment model, strategic risk definitions, risk appetite approach and categories, and format for Board reporting. The underlying strategy was to move from a compliance-based approach to an enterprise risk management approach, shifting the emphasis from risk management process to behaviours.

13.2 The Board:

- agreed the case for change and the proposed strategy
- approved the assessment model at annex A
- discussed the strategic risk definitions at annex B and agreed that there should be no more than 10 key strategic risks. The Board noted the risks had been written, where possible, without 'negative bias', but requested that the wording of definitions was reconsidered when developing the Strategic Risk Register. It also requested that the Register was designed to reflect the hierarchy of risks discussed
- approved the risk appetite approach at annex C
- requested that the Board workshop to consider performance measures and reporting looked at integrating risk management reporting

14. Board Forward Programme

14.1 This item was deferred due to time constraints. It would be discussed with the Ombudsman and COO outside of the meeting.

15. Minutes and matters arising of the confidential session of the previous meeting

15.1 The minutes were agreed.

16. Any other business

16.1 The Board agreed in principle that it would encourage staff observers to attend Board meetings from the new business year.

16.2 Board members, at the request of the Chair, reviewed the meeting and discussed what had gone well and how meetings could be improved in future.