



Q3 BOARD MEETING

26 January 2016

Minutes (agreed by Chair)

MINUTES OF PHSO BOARD

26 JANUARY 2016

CHAIR:

Dame Julie Mellor DBE, the Ombudsman

EXECUTIVE MEMBERS:

Mick Martin, Managing Director and Deputy Ombudsman

Gill Kilpatrick, Executive Director of Finance and Governance

NON-EXECUTIVE MEMBERS:

Sir Jon Shortridge KCB

Peter Freedman

Dr. Jane Martin

Dr. Julia Tabreham

Helen Walley

APOLOGIES:

Ruth Sawtell, Non-Executive Member

Rebecca Marsh, Executive Director of Operations and Investigations

IN ATTENDANCE:

Shareena Merzi, Acting Executive Director of External Affairs and Strategy

Rebecca Coady, Chief of Staff

Adam Hawksbee, Principal Private Secretary to the Chair

Shiplu Miah, Stakeholder Engagement Manager (Observer)

Gill Tulip, Learning and Development Specialist (Observer)

Alex O'Donoghue, Corporate Governance Manager (minute-taker)

1. Chair's Introduction and Declarations of Interest

1.1 The Chair welcomed members and observers to the Board meeting.

1.2 It was noted that Ruth Sawtell, Non-Executive Director, had declared her new appointment as a member of the Advertising Advisory Committee in December 2015.

2. Minutes and Matters Arising from previous meeting

- 2.1 The Board agreed the minutes from the 26 October 2015 Board meeting, subject to some minor revisions by the Chair.
- 2.2 The Board agreed to appoint Dr Julia Tabreham, Non-Executive Director, as the Board's diversity champion.
- 2.3 The Board agreed that the paper articulating the alignment of the Service Charter and Quality Framework and PHSO's approach to the 2016 launch would be on the 9 March 2016 Quality Committee agenda. Board members would receive a verbal update at the Board meeting on the afternoon of 9 March.

ACTION 1 Dr Julia Tabreham was appointed the Board's diversity champion.

ACTION 2 The alignment of Service Charter and Quality Framework will be added to the Quality Committee's March agenda, and an update will be provided to the Board on 9 March.

3. Items agreed by correspondence

- 3.1 It was formally noted that the following business case was agreed by the Board by correspondence between 27 October 2015 and 26 January 2016:
 - Developing digital services: a new website (£230,000)
- 3.2 It was noted that Board had not approved the business case for the procurement of the café service contract, though the three year total was over £100,000. It was agreed that a report detailing how and why the governance process was not followed and what measures have been put in place to avoid repetition would be considered at the next Audit Committee meeting on 2 March 2016.

ACTION 3 A report on the 2015 governance process of the procurement for the café service contract to be added to the Audit Committee's next agenda.

4. Financial Strategy 2015/16 - 2019/20

- 4.1 The strategy and the Ombudsman's submission to HM Treasury dated 30 October 2015 was formally noted by the Board.
- 4.2 The Board were informed that PHSO had not yet received a formal letter of approval from HM Treasury regarding the submission. Given the high risk to the organisation, the Board agreed that if PHSO did not receive a letter by the end of January 2016 the Chair of the Audit Committee would write to HM Treasury seeking written approval that the department accepts PHSO's four year financial strategy.

ACTION 4 The Audit Committee Chair will write a letter to the Treasury if PHSO does not receive a formal response from the Treasury by the end of January.

5. Chair's Report

5.1 The Chair introduced her report and updated the Board on the 12 January Public Administration and Constitutional Affairs Committee (PACAC) hearings.

6. Managing Director's report

6.1 The Managing Director (MD) introduced his report and highlighted that PHSO was now meeting demand and able to demonstrate sound decision making. He stated that employee engagement, financial capability and good administration were ongoing issues of priority.

6.2 The Board acknowledged the pivotal role staff have played in achieving the first phase of the Strategic Plan and in delivering more impact for more people.

6.3 It was agreed that Ombudsman reform was no longer 'academic' and managing the transition was now a key matter for the PHSO and Local Government Ombudsman (LGO) Executive Teams. It was agreed that part of the March agenda would focus on an open, early discussion with the Board on Ombudsman Reform.

6.4 A correction was noted in paragraph 3.3 of the Managing Director's report. The Ombudsman has never been directly involved in every case.

ACTION 5 Ombudsman Reform will be included on the March agenda.

ACTION 6 The MD and Chair to consider how best to inform/involve Board members in the Ombudsman reform process the LGO.

7. Learning from Morecambe Bay

7.1 The Board considered the annex A paper focused on internal learning. The Chair informed the Board that she had spoken with Bill Kirkup [the Investigation Chairman] recently and he was impressed with the organisation's thinking around learning following his report.

7.2 It was agreed to withdraw the covering paper for reasons of sensitivity.

7.3 The Board welcomed the learning that had taken place, particularly around two key areas:

- Clarity that allegations of criminal behaviour are not a matter for the Ombudsman.
- The now clear presumption of investigation when faced with a case involving an alleged avoidable death.

7.4 The Board agreed that further work was needed to structure and codify PHSO's relationships with key stakeholders, including updating or enhancing existing Memoranda of Understanding and protocols for data sharing.

ACTION 7 Updates from the internal learning table (Morecambe Bay report annex A) to be added to the Board Forward Programme.

ACTION 8 A review of PHSO's relationships and interaction with key stakeholder to be undertaken in 2016-17.

8. Business Planning

8.1 The Managing Director introduced the draft 2016-17 business plan and stated that it was critical to have the business plan and budget agreed by early March 2016 in order to launch it at the beginning of the new financial year. He asked the Board to consider the shape of the draft business plan and provide feedback on its approach and expectations of capacity.

8.2 It was agreed that the plan should provide a clearer focus ('line of sight') for the Board in six key areas: quality; employee engagement; insight; financial management; Ombudsman reform and good administration.

8.3 The Board agreed the 16 business objectives of the 2016-17 draft business plan.

8.4 Summary of Board discussion:

- The format needed be simpler and less confusing.
- The planning process must include engagement with staff during Q4.
- The Chair and Managing Director must be completely aligned on the business plan before it is presented at the March Board meeting.

ACTION 9 The updated draft business plan and budget will be brought to the March Board meeting for sign off to enable its launch before 1 April 2016.

9. Employee Engagement Strategy and Plan

9.1 The Acting Executive Director of External Affairs and Strategy introduced the paper and stated that the purpose of the discussion was for the Board to scrutinise the approach and provide input into the strategy.

9.2 The Board welcomed the paper and the ownership of the issue amongst the Executive Team.

9.3 Summary of Board discussion:

- The Board stressed the importance of changing behaviour at leadership level. It was noted that a commitment had been given to PACAC that

PHSO would provide follow up on how the organisation's culture was changing.

- The Board welcomed the increased engagement with staff, particularly around the Corporate Service Reviews and the work on quality. It was stressed that continuous staff involvement throughout the organisation was critical to success.
- Given the positive feedback line managers received in the staff survey, the Board stressed that there was an opportunity to develop and strengthen their leadership skills.
- It was acknowledged that big issues on the horizon, such as Ombudsman reform and accommodation changes, would present challenges to the organisation and would impact on staff morale.
- It was agreed that the contribution from Non-Executives should be better utilised to support the Executive Team.

ACTION 10 An Employee Engagement Activity Plan will be included on the March and April Board agenda.

10. Financial Management and Governance Improvement Plan

10.1 The Executive Director of Finance and Governance introduced the paper and stated that its purpose was to get leadership alignment around finance and governance priorities and where the directorate should focus its limited resources.

10.2 The Board welcomed and agreed the Financial Management and Governance Improvement Plan.

10.3 Summary of Board discussion:

- The paper was to be read within the context of the draft 2016-17 business plan.
- It was emphasised that clear delegation of corporate decision making coupled with administrative discipline was critical for the success of the organisation.

11 - 14. Corporate Performance Suite

11.1 The Executive Director of Finance and Governance presented the suite of performance reports and asked the Board to focus on four key areas: complainant waiting times, quality, continuity of leadership and financial management.

11.2 The Board agreed the corporate performance suite of reports.

11.3 Summary of Board discussion:

- The Board congratulated the Executive Director of Operations and Investigations and her team for the sizeable reduction in complainant waiting times and for the progress achieved in defining and measuring quality at PHSO.

- Corporate performance targets should be benchmarked against other Ombudsman services for the Q4 reports. (The Executive Director raised that this was contrary to what was agreed in the previous item [Financial Management and Governance Improvement Report])
- Where possible time units should be consistent throughout the suite of reports.
- The Board was informed that recruitment of senior positions was ongoing and the new Director of Human Resources and Head of Internal Communications were due to start the following week.
- The Board was assured that the contingency and dilapidation provision in the budget was sufficient. Further assurance was given that the capital budget holders were fully aware that the capital budget contingency was small.
- The Board welcomed the simplicity of the new Risk Register format but agreed that in future the report must contain more detail and the mitigations must be time bound.

ACTION 11 The Q4 Corporate Performance report will include targets that have been benchmarked against other Ombudsman services.

ACTION 12 The Q4 Risk Register will be more specific and the mitigations will be time bound.

15. Report: Audit Committee

15.1 The Audit Committee minutes from 28 September, 15 November and 7 December (workshop) 2015 were noted.

15.2 [Section redacted - commercially sensitive]

15.3 The Board agreed that the Audit Committee had accomplished a great deal over the last 9 months. It was agreed that the Committee's papers would be sent to all Board members for information.

15.4 It was noted that interviews for the new Chair of the Audit Committee were scheduled for early February 2016 and the expectation was that a new Chair would be in post by April 2016.

ACTION 13 Audit Committee papers, including KPMG's Value for Money report, will be shared with all Board members.

16. Report: Quality Committee

16.1 The Quality Committee minutes from 10 December 2015 were noted.

16.2 The Board confirmed that the Committee's scope includes joint investigations with LGO.

16.3 The Board commended the Executive Director of Operations and Investigations and the Quality and Service Integrity directorate for their progress.

17. Report: Joint Convergence Committee

17.1 The Joint Convergence Committee minutes from 6 October 2015 were noted.

18. Report: Remunerations and Nominations Committee

18.1 The Remunerations and Nominations Committee minutes from 7 December 2015 were noted by the Non-Executive Directors and the Chair.

18.2 It was noted that the move to hold three meetings a year was intended to facilitate the production of objectives for the start of the financial year. The 2016 calendar was agreed:

March	Annual review and setting of objectives;
May	Alignment of organisational performance and personal performance and changes to the individual appraisals in light of the awarding of performance related pay (PRP);
October	Mid-year review.

19. Communication to staff

19.1 It was agreed that the staff communication would focus on:

- The Board's reflections on the 12 January PACAC hearing
- The timings around and feedback on the business plan
- The discussions around Ombudsman reform
- The internal learning that has taken place since Morecambe Bay
- Celebrating the progress made on reducing waiting times and developing a Quality Framework

20. Review of the meeting

20.1 The Board Observers shared their observations with the Board.

21. Board Forward Programme

21.1 It was noted that the Executive Team would be considering the Board's Forward Programme within the context of the key milestones of the 2016-17 business plan on 9 February 2016.

22. Any other business

22.1 None.

23. Date and location of next meeting

23.1 9-10 March 2016, The Exchange, Manchester.

The meeting ended at 3:45PM