

PROTECT



Q2 BOARD MEETING

26 October 2015

Minutes (final)

## MINUTES OF PHSO BOARD

26 OCTOBER 2015

### 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

Ruth Sawtell

Dr. Julia Tabreham

Helen Walley

### IN ATTENDANCE:

Stephen Lotinga, Interim Executive Director of External Affairs and Strategy

Rebecca Marsh, Interim Executive Director of Operations and Investigations

Denise Bird-Newell, Director of Human Resources, People and Talent

Rebecca Coady, Chief of Staff

Helen Holmes, Legal Adviser

Adam Hawksbee, Principle Private Secretary to the Chair (Observer)

Rosemary Jackson, Consultant (Observer)

Dervla Kearney, Research Manager (Observer)

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

## 1. Chair's Introduction

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

## 2. Minutes and Matters Arising from previous meeting

2.1 The minutes from the 28 September 2015 Board meeting were approved and signed by the Chair.

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- 2.2 The Board agreed that minutes from the previous Quarterly meeting would be included in the following Quarterly meeting papers for information, even if they have already been approved.
- 2.3 It was noted that item 7.1 on the Matter's Arising would be included in the upcoming review of the risk register.

### 3. Items agreed by correspondence

- 3.1 It was noted that the following items were agreed by the Board by correspondence between 28 September and 26 October 2015:
- 2014/15 Accounts and Annual Report
  - The Management Development Programme contract
  - The Microsoft Licence renewal contract
  - The new Telephony system contract (joint with LGO)

### 4. Chair's report

- 4.1 The Chair introduced her report and reflected that Ombudsman reform had been the priority for Quarter 2.
- 4.2 Summary of Board discussion:
- PHSO's external reputation was improving, but not yet secure. The Board recognised that the quality assurance framework and effective employee engagement remain critical to strengthening the organisations resilience.
  - In relation to Ombudsman Reform the underlying aim continues to be making it simple for members of the public to access justice through the complaints services. Focus is also on ensuring that the new Public Ombudsman Service (POS) can provide and demonstrate quality in its service.
  - The current difference between LGO - who hold Commissioners to account - and PHSO - who holds the provider to account - has not yet been resolved.
  - PHSO has been building a firm relationship with the Cabinet Office.

### 4. Managing Director's report

- 4.1 The Managing Director (MD) introduced his report and set out that a key outcome for the meeting was a clear decision regarding the 2016/7 - 2019/20 Financial Plan which balanced ambition with an acceptable level of risk.

- 4.2 He underlined that employee engagement continued to be a priority, and that the organisation was at a critical point regarding feedback from the Service Model. What is needed now is time to embed changes.
- 4.3 On Ombudsman Reform, it was noted that while PHSO would continue to advise the Cabinet Office on policy issues, the organisation needed to recognise that the Cabinet Office was responsible for driving the reform agenda.
- 4.4 The Legal Adviser updated the Board on the Judicial Review that took place 24-25 September, which found in favour of PHSO. It was noted that this was an important case that Ombudsman services across the country would be interested in. It was agreed that PHSO's policy was to seek to resolve issues arising before they became at risk of Judicial Review. The Board thanked the legal team for the work done and their achievement in winning the case.
- 4.5 It was agreed that this case was a learning opportunity for the organisation, and noted that MD's reports would continue to include legal updates.

## 5. Financial Strategy 2016/17 - 2019/20

- 5.1 The Executive Director of Finance and Governance introduced the strategy and tabled two additional papers (items 5G and 5H). Following the 21 October submission of the draft CSR2015 figures to the Cabinet it was noted that the calculation of the real terms reduction of 20% was flawed as it did not follow HM Treasury guidance, and the real terms reduction was 9.5%. This led to a risk that the Cabinet Office would not consider the savings sufficient to support the business case for Ombudsman Reform. The purpose of the item was to make a final decision about the level of savings proposed in the Financial Strategy 2016/17 - 2019/20.
- 5.2 Summary of Board discussion:
  - It was agreed that there was a risk to the future of the Public Ombudsman Service if PHSO was not more ambitious and less risk adverse in delivering a real term reduction by 2019/20.
  - It was agreed that within the context of POS being established in three to five years' time, the best legacy would be to hand on a healthy organisation.

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- It was agreed that savings could be found through the Operational Improvement Plan, the Corporate Service Review and by reducing the risk mitigation.
- It was agreed that should PHSO experience a substantial increase in demand (whether one off or ongoing) then further funding would be sought from the HM Treasury in order to continue to meet service demands.
- It was agreed that in order to reduce risk, the savings would be back-ended and this would be easier to accomplish within the context of Ombudsman reform.
- The Board agreed that the overall real term savings within the CSR submission to HM Treasury should be 20 to 25%. The Executive Team will recast the strategy, to be agreed by the Chair, and reported back to the Board.

**ACTION 1**                      **A revised Financial Strategy 2016/17 - 2019/20 will be shared with the Board once it is finalised.**

### 6. Approach to Employee Engagement

6.1 The Interim Executive Director for External Affairs and Strategy introduced the item and underscored that to improve engagement, PHSO needed to adopt a genuinely consultative approach. The purpose of the paper was to provide the Board with a progress report and an opportunity to input into the Executive Team's approach.

#### 6.2 Summary of Board discussion:

- The Board welcomed the analysis, which was consistent with the Trade Union findings and other staff surveys.
- It was reiterated that employee engagement continues to be a priority area for the Board.
- With a full complement of Executives in place, the Board was confident the Executive Team could continue to take this forward.
- There should be an emphasis on measurement going forward - the narrative should be framed around "you said... we did... here's the proof". The organisation should be clear about what success looks like.
- The Board welcomed the investment in middle management taking place through the Management Development Programme.
- The Board looks forward to further updates at future Board meetings.

**ACTION 2**                    The Interim Executive Director of External Affairs and Strategy will provide a further report update on Employee Engagement at the November Board meeting.

## 7. Review of 2015/16 Business Plan

7.1 The MD introduced the review of the 2015/16 Business Plan and stated that the key change was the increased prominence of value for money (vfm) going into Quarters 3 and 4. The purpose of the paper was to agree the business plan revisions within this context.

7.2 Summary of Board discussion:

7.2.1 Review of Quarter 1 and 2 business activity:

What have we been successful at?

- Codifying operational changes and the Service Model
- Reducing number of people waiting for our service - we are now allocating 70 cases per week
- Improving our reputation through successful reports (e.g. *Dying with dignity/ My Expectations'*) and publishing case reports
- Championing the role of the Ombudsman is beginning to yield successful results
- Leadership has been strengthened in recent months

What has been a challenge?

- Timescales have slipped
- We are not where we thought we'd be with Big and Repeated Mistakes, but work is ongoing and it is achievable
- The Service Charter is not yet delivered, but it is in a good place
- Though we now have a ED for Finance and Governance, a permanent Finance team is not yet established

7.2.2 Focus for Quarters 3 and 4:

- Continuing to decrease the number of people waiting for our service
- Addressing PHSO's 'silo working culture' to deliver cross organisational projects, such as Big and Repeated Mistakes and the Service Charter
- Continuing focus on quality within the organisation and through the Quality Committee to build on the positive work has been done so far

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- Improving our communication both internally and externally
- Launching the Case Management System

### 7.2.3 Further comments:

- It was noted that much of work taking place in Quarters 3 and 4 would continue into 2016/17.

**ACTION 3**            **The Managing Director and Executive Director of Finance and Governance will present a revised Quarter 3 and 4 2015/16 Business Plan report to the November Board.**

## 8. Quality Assurance Report

8.1 The Interim Executive Director of Operations and Investigations introduced the report within the context of an engaged and focused Quality Committee, who would be focusing on the details going forward. The purpose of the paper was to give the Board assurance that:

- A good foundation was in place
- The Operations team and Quality Committee were aligned
- A clear, shared understanding of the direction of travel has been established.

8.2 Summary of Board discussion:

- The next phase will focus on bringing the Service Charter, Service Model and Quality Standards together to ensure alignment and to set indicators.
- Indicators should reflect that a good Ombudsman service adheres to a rigorous process, rather than being driven solely by customer feedback.
- The Quality Committee will review and scrutinise the Quality Standards at their next meeting on 10 December before the aligned Service Model, Service Charter and the Quality Standards are presented to the Board in January for formal approval.

**ACTION 4**            **The aligned Service Model, Service Charter and Quality Standards will be presented to the Board in January 2016 for formal approval.**

## 9-12. Q2 Performance Reporting (Corporate Performance / Finance / Risk Register)

9.1 The new suite of performance reports were introduced by the Executive Director for Finance and Governance, noting that the Risk Register had yet to be re-designed and would be presented in a more dynamic format at a future Board meeting.

9.2 Summary of Board discussion:

- The new format of the reporting suite was welcomed for its clear focus on key issues, and the Finance and Governance team were thanked for their efforts.
- It was suggested that the Corporate Performance report could include a data quality indicator.
- The forecast for the end of the financial year is a small underspend of £48,000.
- It was agreed to keep the Resilience (*"We fail to sustain and improve public confidence in our service"*) rag rating at amber and monitor it closely.

## 13. Quality Committee Minutes

13.1 The Quality Committee minutes from 1 September 2015 were noted.

## 14. Remunerations and Nominations Committee

14.1 The Remunerations and Nomination Committee minutes from 2 October 2015 were noted by the non-Executive members of the Board.

## 15. Joint Convergence Committee Meeting

15.1 The Joint Convergence Committee minutes from 14 September 2015 were noted.

15.2 It was agreed to share the un-approved minutes from 6 October 2015 with Board members, and the most recent PHSO-LGO submission to the Cabinet Office.

15.3 It was noted that the current expected timeline for the Ombudsman Reform Bill was:



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- November - Consultation period
- December /January - Drafting of the Bill
- March - Draft Bill produced

**ACTION 5**                    The minutes of the JCC minutes from 6 October and the recent PHSO-LGO submission to the Cabinet Office will be shared.

### 16. Board Forward Programme

16. It was noted that 23 November meeting would be a business meeting, not an away day.

### 17. Communication to Staff

17.1 It was agreed that the staff summary would update staff on:

- The employee engagement strategy
- Where we are with our financial strategy
- The Quality Standards and how they will align with the Service Charter
- The positive feedback from the new performance report design
- The achievements and challenges of during Quarters 1 and 2 and focus of Quarters 3 and 4.

**ACTION 6**                    A summary of the Board discussion will be shared with staff.

### 18. Any Other Business

18.1 No items were raised.

### 19. Date and Location of next meeting

19.1 The next meeting will take place at 11:00am on Monday 23 November 2015 at Millbank Tower, London.

The meeting closed at 6:15PM

Signed: \_\_\_\_\_  
Dame Julie Mellor DBE

Date: \_\_\_\_\_