



Q1 BOARD MEETING

28 July 2015

Minutes

MINUTES OF PHSO BOARD

28 JULY 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

Sally Sykes, Executive Director of External Affairs and Strategy

NON-EXECUTIVE MEMBERS:

Sir Jon Shortridge KCB

Peter Freedman

Dr. Jane Martin

Ruth Sawtell

Dr. Julia Tabreham

Helen Walley

IN ATTENDANCE:

Rebecca Marsh, Interim Executive Director of Operations and Investigations

Alero Harrison, Head of Service Charter Reports (item 11)

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

Tracey Ann Howarth, Quality Insight Manager (Observer)

David Thomas, FOI/DP Officer (Observer)

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

Krista Thomas, Executive Committee Administrator (minute-taker)

1. Chair's Introduction

1.1 The Chair welcomed Board members and the Observers, noting that it was Sally Sykes' last Board meeting. The Chair thanked her on behalf of the Board for her contributions and for building an excellent External Affairs and Strategy team.

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1.2 The Chair welcomed new staff members Gill Kilpatrick and Rebecca Marsh to the Board meeting.

2. Minutes and Matters Arising from previous meeting

2.1 The 28 April Board meeting minutes were approved as read.

2.2 It was agreed that:

ACTION 1: Board minutes would now be approved via correspondence within a few weeks of the meeting and no longer appear as an agenda item.

ACTION 2: The Matters Arising Table will include all Committee actions so the Board can see the full picture of work;

ACTION 3: NEDs will be informed when the meeting with CQC's board is rearranged.

3. Chair's report

3.1 The Chair updated the Board on her meeting with Bernard Jenkin, newly (re-) elected Chair of the Public Administration and Constitutional Affairs Committee (PACAC). The immediate priorities of the Committee were the referendum and European Union reform. Regarding PHSO, the Chair of PACAC considered staff engagement a priority.

3.2. The Chair also had a positive meeting with Ben Gummer, the newly appointed Parliamentary Under-Secretary of State for Health Services. It was noted that Jeremy Hunt's main priority remains patient safety.

3.3 The Chair brought the Board's attention to a recent speech by Jeremy Hunt ('25 year vision for the NHS') and a Department of Health (DH) publication *Learning not Blaming* which made a number of positive references to our work on clinical incidents and 'My expectations'.

3.4 It was agreed that although the external view of PHSO was more positive, public confidence remains a key issue.

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- 3.5 It was noted we are experiencing an increase in people coming to PHSO. This could be due to efforts to communicate our casework, and/or the increase in broader concerns about the NHS.
- 3.6 The Chair invited the Chair of the Joint Convergence Committee to give an update to the Board. He reported that PHSO has established a good working relationship with the Cabinet Office and was in a position to provide capacity and expertise and to drive and influence progress. It is too early to proceed with further convergence of services
- 3.7 It was further noted that a driver for the Government was reducing cost. The Cabinet Office is very clear that they envision the new Public Service Ombudsman (PSO) costing less than the current cost of PHSO and the Local Government Ombudsman (LGO).

ACTION 4: Jeremy Hunt's speech and DH publication to be shared with the Board.

ACTION 5: The January 2014 PHSO memo on Optimum Ombudsman Service to the Board and August slides to be circulated to the Board.

4. Managing Director's report

- 4.1. The Managing Director (MD) introduced his report and stated the four main priority areas for Board discussion and input were:
- Financial plan
 - Modernisation plan
 - Operational Improvement plan
 - Service Charter
- 4.2 The discussion focused on staff engagement. It was suggested that the Executive Team needed to build a simple narrative of the PHSO transformation journey ("Our Story") and what the organisation has learned together along the way. It was agreed that ongoing, practical and informal input from the Board would be welcomed by the Executive Team.
- 4.3 There was a query regarding the language of the MDs report and the statement that investigations was '100% quality assured by managers'. It was clarified

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that 100% of decisions are checked by a manager, but this statistic did not include the quality of the service experience. Given this, Board members suggested that term '100% Quality Assurance' was confusing.

5. Medium Term Financial Plan and Value for Money Strategy

5.1 The Executive Director of Finance and Governance introduced the item and gave a short summary of the approach:

- PHSO is operating in a tough external environment and recognises that it is expensive. The organisation must demonstrate it is a fit for purpose service for the lowest possible cost.
- Initial thinking is to reduce costs by 25% over the next two years.
- Priority now is to invest in the Operational Improvement plan and our service (i.e. Casework Management System, our website) which will deliver long term savings.
- Current corporate costs run to 45% of total budget, which is very high and must be reviewed.
- Staff engagement and involvement is critical going forward.

5.2 Summary of Board discussion:

- The Board welcomes the direction and clarity of the report.
- The strategy should be aiming to achieve three things:
 - investing in achieving strategic objectives e.g. raising awareness of our service, work on big and repeated mistakes which deliver more impact for more people
 - efficiency savings
 - move us towards a streamlined public ombudsman service
- Development of the strategy should take account of current lack of employee engagement, we must not put operations at risk, delivering at a realistic pace given other changes, some of what is called corporate resources fulfil key delivery functions for some of our strategic aims
- We should learn from NSO and LGO experience of delivering savings

Action Executive to bring financial strategy to September board meeting

6. Modernisation Plan and Employee Engagement Plan

6.1 The MD introduced the Modernisation Plan, which sets out PHSO's programme to deliver its strategic priorities. He asked the Board to provide assurance that

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the Executive Team had focused on the right areas, identified the correct resources and needs and were operating at the right pace.

6.2 Summary of Board discussion summary:

- The report brings everything together and begins to build a PHSO narrative.
- At present it is unclear who the reports audience is, and where it sits in relation to the business plan.
- The report should reflect that a key priority is quality
- Phases, timelines and indicators of success are needed. We need to see results before we move onto the next phase.
- The language of the report, and more broadly in the organisation, needs to be standardised to avoid confusion (for example, is it a programme or a plan? Is it employee engagement or relations?)
- Staff engagement needs to be further integrated into the plan
- The timing of the management development training should be reviewed as it may need to start sooner.
- This plan should feed into the document that is shared with staff.

6.3 The MD introduced the Employee Relations Plan as a working document and highlighted that the Executive Team was still engaging with trade unions and staff to develop the plan. The plan will also be developed in light of yesterday's Board Development session and the session in August.

6.4 Summary of Board discussion:

- The Board welcomes the inclusion of staff views in the report.
- The Board and staff recognise that there is more to be done.
- More "how" - need to define success and indicators.
- Employee engagement must be a central part of every plan.
- The plan is presently too complex.
- The tone of the report needs to shift so it is more 'we' than 'us' and 'them'.
- Further drafts should seek to include manager input into the report.
- The report and plan still reads as very linear and top down.

ACTION 6: NEDs and the Independent Audit Committee member to the Employee Engagement session that is being held on 20 August 2015 in Manchester. [actually held 19 August in London]

7. Corporate Performance Report

7.1 The Executive Director of Finance and Governance introduced the report, including a summary of performance and asked the Board to provide feedback on the preferred format of performance reporting as well as the content.

7.2 Summary of Board discussion:

- Staff turnover remains high at 16.4%/13.1% (total/permanent staff), though regretted loss runs at 2%. High turnover can carry risk, as it did in our Finance team during Q1.
- The positive media work during Q1 was highlighted.
- The Board noted that the colour coding between the Corporate Performance Report and the Risk Register did not always correspond.
- Quality needed to feature more prominently in the performance report and the language around quality assurance needed to be clearer.

8. Operational Improvement Plan

8.1 The Interim Executive Director of Operations and Investigations introduced the item and clarified that it sits underneath the Modernisation Plan. The key operational challenges were described as:

- too many people waiting
- too many cases taking too long
- too much variation in service
- too many old cases

8.2 The report set out proposals to address these issues. It was noted that the introduction of the Service Model would lead to greater productivity by increasing flexibility and transparency to ensure that cases do not become stalled in the system. To achieve this, finances would have to be repurposed (which was agreed in the financial update, item 10).

8.3 Performance management was highlighted. The expectation is that staff workload will eventually increase to around 20 cases per person, in line with other Ombudsman Services. The aim was to have implemented the improvement plan by end of this financial year.

8.4 Summary of Board discussion:

- This is a welcome, focused paper.

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- That Board has cautioned that PHSO should not rely too heavily on associates.
- Quality assurance still needs to be further addressed.

8.5 The Board agreed the Operational Improvement Plan.

ACTION 7: The Interim Executive Director of Operations and Investigations to report on how the organisation would respond to a spike in demand at the next Board meeting in October 2015.

9. Strategic Risk Register

9.1 The Executive Director of Finance and Governance introduced the report and highlighted the major changes/areas of concern:

- Reputational risk downgraded from red to amber, due to the positive media work around the *Dying with Dignity* report
- Public funding risk upgraded from amber to red, to reflect the fact that the 2014/15 accounts will be qualified.
- Staff engagement risk remained red.

9.2 Summary of Board discussion:

- The risk register needs to become more corporate and include quality measures.
- Greater clarity was needed about what exactly was being measured (i.e. measuring total number of cases rather than number of cases investigated could skew the statistics)
- The register should include the total number of people waiting over 12 months for a resolution.
- In future the risk register should reflect all five strategic aims.
- The RAG rating should only appear once.

10. Financial Update Q1 2015/16

10.1 The Executive Director of Finance and Governance introduced the report and gave a quick summary of the key items to note:

- £100,000 of contingency funds needs to be spent on new Microsoft licenses.
- The current reliance on interim staff (particularly in the Finance Team) meant that staff costs are running high, but permanent recruitment plans were underway.

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- Due to some projects being budgeted twice approximately £500,000 had been found in the annual budget

10.2 Summary of Board discussion:

- Dramatic under- and overspends at the end of Q1 indicated that the current budgeting process is flawed.
- The Financial Improvement Plan currently being developed should address these issues and strengthen PHSO's budget process
- The Board looks forward to reviewing the detailed Financial Improvement Plan in October.
- The funding identified for the Operational Improvement Plan was outlined as:
 - Release of the onerous lease provision £460,000
 - Removal of double counting budget £501,000
 - Slippage on the systemic business plan budget £125,000
 - Total = £1.086 million

10.3 The Board agreed the Financial Update Q1 2015/16

ACTION 8: **The Financial Improvement Plan to be added to the Board Forward Programme and reviewed at the October Board meeting.**

11. Service Charter

11.1 Alero Harrison, Head of Service Charter Reports, presented the current Service Charter outline and asked the Board to consider its content and progress.

11.2 The Board welcomed the work on the Service Charter and recognised that it takes us much further forward. The board had a number of specific comments on how the Charter could be further developed, which Alero will incorporate within the next draft.

11.3 The Board agreed that further approval for the Service Charter would be through the Executive Team and the Ombudsman. The Board would be available for comment.

15. Quality Committee

15.1 The Chair suggested that the Quality Committee item should be discussed ahead of the Annual accounts and report, and the change is reflected in this item being out of sequence.

15.2 The Chair of the Quality Committee presented the 29 June 2015 minutes, the terms of references (TOR) and Chair's report to the Board. The Board noted that the Committee is currently at "step 0" and could not yet provide the Board with quality assurance. There is a need for the Committee to receive structured data from PHSO and develop a 'what good looks like' framework. It was agreed that the Committee will begin with looking at what the LGO does in this area and that the Service Charter research on customer experience s should also be shared with the Committee.

15.3 Summary of Board discussion:

- The Quality Committee would focus on the quality of investigations, not on the quality of decisions made, as that would be the remit of a judicial review.
- Transparency was crucial in this area.
- The Chair of the Quality Committee and the Interim Executive Director of Operations and Investigations should share and discuss expectations going forward.

15.4 The Quality Committee TOR and 29 June 2015 minutes were adopted by the Board.

ACTION 9: The Board commissioned a Quality Report to be produced by Director of Quality & Service Integrity which will be presented to the October Board.

12. Audit Committee

12.1 The Chair of the Audit Committee noted that the qualification issue dominated the last audit committee meeting.

12.2 The 22 May 2015 Audit Committee minutes were adopted by the Board.

13. Update on 2014-2015 Accounts

13.1 It was agreed:

ACTION 10: The Governance Statement will be e-circulated to all Board Members for comment by 21 August 2015.

ACTION 11: An Extraordinary Board meeting will take place in September to approve the accounts.

14. Annual Report

14.1 The Annual Report was presented by the Executive Director of External Affairs and Strategy. The Board welcomed the work on the Annual report and made a number of specific comments which will be incorporated within the next draft.

14.3 The Board agreed to postpone approval of the Annual Report until it is completed in full.

17. Board Forward Programme

17.1 It was agreed that:

ACTION 12: The Board will now meet every 6 weeks, a total of 8 times a year.

18. Any Other Business

18.1 No items were raised.

19. Date and Location of next meeting

19.1 Extraordinary meeting in September, exact date unknown. Millbank Tower.

The meeting closed at 5:10PM