

**MINUTES OF THE PHSO BOARD MEETING**  
**MONDAY, 28 OCTOBER 2013**  
15<sup>th</sup> floor, Millbank Tower  
10am - 4.30pm

**EXECUTIVE CHAIR:**

Dame Julie Mellor DBE, the Ombudsman

**EXECUTIVE MEMBERS:**

Mike Bird, Interim Executive Director Operations

Helen Hughes, Chief Operating Officer

Mike Procter, Executive Director Business Transformation

Sally Sykes, Executive Director External Affairs and Strategy

**NON-EXECUTIVE MEMBERS:**

Peter Freedman

Sharmila Nebhrajani (by telephone for part of the meeting)

Sir Jon Shortridge KCB

Helen Walley

**IN ATTENDANCE:**

Joy Higgins, Secretariat Manager (minutes)

Ollie Land, Executive Assistant to the Ombudsman

Graham Payne, Director of Finance, Planning and Performance

Sue Thomson, Head of Executive Office

*The Chair had been called away on urgent business so Sir Jon Shortridge chaired the first part of the meeting on her behalf.*

- 1. Minutes, matters arising and action points of the previous meeting - 23 July**
  - 1.1 The minutes of the meeting of 23 July 2013 were agreed as an accurate record.
  - 1.2 The Board reviewed the action points and noted that certain elements of the Business Transformation Programme, namely the future casework process design, the people strategy and the financial strategy, were not as far developed as hoped and would be submitted to a future Board meeting (**action point: Executive Director Business Transformation**).
  
- 2. Minutes of the Extraordinary Board Meetings on 13 June and 17 September**
  - 2.1 The minutes of the extraordinary Board meetings on 13 June and 17 September 2013 were agreed as an accurate record.

3. **Board minutes for publication - 30 April, 13 June, 23 July and 17 September**
  - 3.1 The minutes of the Board meetings on 30 April, 13 June, 23 July and 17 September 2013 were approved for publication.
  - 3.2 The Board commended to the Chair that minutes of Board meetings be published once approved at the subsequent Board meeting rather than being brought back to the Board a second time (**action point: Secretariat Manager**).
  
4. **Report from the Chief Operating Officer to the Board**
  - 4.1 The Board reviewed the report which provided an update on key developments since the Board meeting in July.
  - 4.2 Section 4.2, on the Department of Health's Review of the Regulation of Cosmetic Interventions, contained restricted information and would be removed from the report. A revised version of the report would be recirculated (**action point: Secretariat Manager**).
  - 4.3 The Board noted the update on the development of a complaints hub and agreed to consider the matter further at the next meeting (**action point: Interim Executive Director Operations and Investigations**).
  - 4.4 The Board welcomed the publication of the Review of Hospital Complaints (the 'Clwyd/Hart' Review) and would look to work towards implementation of the recommendations.
  - 4.5 The Chair would give oral evidence to the Public Administration Select Committee (PASC) Inquiry, *Parliament's Ombudsman's Service*, on 16 December 2013. The Board offered the Chair its support in preparing for the hearing.
  - 4.6 The Board welcomed the substantive appointments at Executive Director-level and the stability and leadership they would bring to the organisation. It was noted that a Leadership Team development programme would commence in January 2014.
  
5. **Operations Management**
  - 5.1 The Executive Director Operations & Investigations introduced the report which provided the Board with an overview of improvements being made to the management of Operations.
  - 5.2 Improved forecasting and a weekly cycle of operations management information was driving action and resulting in changes to our processes and, potentially, our culture. However, further transformation work in case management would not

proceed until the next calendar year to ensure that changes currently in train had been implemented and made robust.

- 5.3 The large number of cases awaiting assignment in the Case Assessment Team (CAT), previously reported, had reduced significantly but had led to a further number of investigations awaiting allocation to an investigator. Extra resources were being brought in to deal with the work, but the average length of an investigation had increased, which put pressure on our 6 month service standard.
- 5.4 The Board welcomed the provision of live management information and supported the action being taken to manage the increased workload, but sought assurance that there was a long-term solution. The Board noted with concern the potential impact on our 6 month service standard for concluding investigations.
- 5.5 The Board expressed concern for how the changes in process were being received by staff and questioned whether staff were clear where the organisation was headed. Staff morale and engagement were of concern and the Board invited the COO to address these issues at the January Board meeting (**action point: COO**).
- 5.6 Customers must remain the focus of the business transformation and the Chair felt performance information should be published on our website.
- 5.7 The Board noted the report.

## 6. 2013-14 Quarter 2 Performance Report

- 6.1 The Board reviewed the Quarter 2 performance report noting that the data for some measures was not yet available. The Leadership Team was taking forward the necessary work to complete the performance measurement framework.
- 6.2 The Board questioned the RAG ratings of performance by aim on the monthly dashboard, which it felt presented a better picture than the present situation. The Board was advised this was partly due to the weighting of work in the current year being predominantly around aims 2 and 5, which were both rated amber (at risk). The other three strategic aims\* were rated green (on track). The Board questioned whether RAG rating by strategic aim was the most appropriate performance indicator.
- 6.3 The Board appreciated the work that had gone into producing the report and asked that it be simplified so that areas of concern were more clearly highlighted (**action point: Executive Director Business Transformation**). The Board noted that the

main areas of concern in Quarter 2 were the management of workload, the new casework process and staff morale, as discussed in the previous item.

*The Chair joined the meeting at this point and chaired the remainder of the meeting.*

## 7. 2013-14 Quarter 2 Strategic Risk Report and Proposal for Revised Governance of Risk Management Arrangements

7.1 Following the Board's risk workshop on 17 September, a strategic risk register had been developed which was in line with the latest guidance in HM Treasury's *Managing Public Money*.

7.2 The Board welcomed the revised format of the register and gave comments for further development, including the need for:

- More detailed outcomes, expectations and non-tolerance descriptions
- A post-mitigation residual risk column and clarification of whether risk tolerance was pre- or post-mitigating action
- The name of the person action had been assigned to, including contingent action if the business expectation was at risk

**(action point: Executive Director Business Transformation).**

7.3 The Board reviewed the key risks in the register []

7.4 The Leadership Team would further develop the content including fuller causal risks **(action point: Chief Operating Officer)**. At the Quarter 3 meeting, the Board would look at risks relating to aims 2 and 5 in detail **(action point: Executive Director Business Transformation)**. The Leadership Team undertook to include with future Quarterly reports an articulation of what had changed since the previous quarter, including change in rating and risks which had been eliminated **(action point: Executive Director Business Transformation)**.

7.5 The Board reviewed the revised risk management governance arrangements noting that the comprehensive approach had the potential to be resource intensive.

7.6 The Board noted that the Audit Committee would review the register and the revised governance arrangements at its meeting on 7 November.

## 8. 2013-14 6 Month Budget Review and Proposed Budget Allocations

8.1 The Executive Director Business Transformation informed the Board that since the paper had been prepared there had been two further developments. Firstly, posts

in the Case Assessment Team, temporarily filled by investigators, were being back-filled as the investigators returned to their substantive posts. This would cost up to £200k. Secondly, a request for an additional £100k to be allocated to research had been included in order to fund work to provide a baseline for our strategic measures. As a result, the central reserve would be reduced by up to £300k, from £343k, which would limit the possibility for any significant budget exchange into 2014-15.

- 8.2 The Board expressed concern that significant changes should arise after the Board paper had been issued.
- 8.3 The Board was assured that the inability to 'push' £300k into 2014-15 via the budget exchange process would not add extra pressure onto 2014-15 budgets as the funds had not been allocated.
- 8.4 The Board reviewed the paper and questioned the Executive Director on savings and variations. The Board noted that 5% recyclable and other pay savings that had been built into the original pay budget for 2012-14 would need to be reduced to reflect higher than expected interim costs and part provided for the forecast cost of the 2013 Pay Award.
- 8.5 The Board felt that the format of the paper could have been clearer and asked for an updated paper in correspondence in which budget lines were broken down with explanatory notes identifying reallocations, variations and the impact (where relevant) for 2014-15 (**action point: Executive Director Business Transformation**).
- 8.6 The Board agreed the headline recommendations on the reallocation of existing budgets and delegated authority to agree detailed budget allocations (at Group level) to the Chief Operating Officer.

## 9. Business Transformation Programme Update

- 9.1 The Board received the Programme update and noted the revised structure. The Board was advised that the Programme was on track although the overall RAG rating had been set at amber to reflect some of the risks. The Board noted the risk register but felt it did not fully reflect the wider environment and needed further work (**action point: Executive Director Business Transformation**).
- 9.2 Following discussion, the Board concurred with the Leadership Team's decision to delay development of our 'service proposition' whilst the changes already made to the casework process were embedded. The incoming permanent Executive Director

Operations and Investigations would pick this work up in January 2014 (**action point: Executive Director Operations and Investigations**).

9.3 The Board noted that PHSO's financial strategy would need to be in place by March 2015 *at the latest* to ensure that PHSO's 2013-18 Strategy could be funded and so that discussions could begin with HM Treasury on the next spending settlement.

9.4 The Board expressed concern that a transformation plan was not yet in place and it was agreed that the interim and the incoming Executive Director Operations and Investigations would work together to design a plan by the end of December 2013 (**action point: Interim Executive Director Operations and Investigations**). The plan would encompass the future casework process, the financial strategy and people strategy.

## 10. Consultation on Proposed New Staffing Structure

10.1 This item was considered in closed session.

## 11. PHSO Board Terms of Reference

11.1 The Chair introduced the Board's revised terms of reference which had previously been circulated to the Board for consideration. The Chair tabled an amendment to the quorum for meetings: a minimum of five members, with non-executive members in the majority, must be present for a meeting to be quorate. The Board agreed to the amendment.

11.2 The Board noted that the annual cycle of business would be added, and made several textual amendments. Subject to these amendments the terms of reference were agreed and would be published (**action point: Secretariat Manager**).

## 12. 2013-14 Chair and COO Objectives

12.1 This item was considered in closed session.

## 13. Minutes of the PHSO Pay Committee - Tuesday, 30 July 2013

13.1 The minutes were adopted by the Board.

## 14. PHSO Board Forward Programme

14.1 The Board noted the forward programme of business.

**15. Any Other Business**

15.1 The Board's engagement with staff and visibility at the Manchester site would be built into the forward programme for 2014-15 (action point: Secretariat Manager).

**16. Review of the Meeting**

16.1 Board members shared their view of the meeting and felt there had been open and transparent discussion of the key strategic issues. Areas for improvement included more concise papers, with better read-across, and earlier despatch. In addition, the agenda/forward programme should identify any items which were expected but had been deferred (Leadership Team/Secretariat Manager).

**17. Date of the Next Meeting**

17.1 The next planned meeting would take place in January 2014 - date to be confirmed.

17.2 The Chair suggested that a meeting in December 2013 to review the transformation plan would be desirable. The Secretariat Manager would liaise with Board members to arrange (action point: Secretariat Manager).

*\* Strategic aims*

1. *Make it easier for people to find and use our service*
2. *Help more people by investigating more complaints and to provide an excellent service for our customers*
3. *Work with other to use what we learn from complaints to help them make public services better*
4. *Lead the way to make the complaints system better*
5. *Develop our organisation so that it delivers these aims efficiently and effectively*