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FINAL MINUTES OF BOARD MEETING

ON

29 JULY 2014

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MINUTES OF THE PHSO BOARD MEETING 29 July 2014

CHAIR:

Dame Julie Mellor DBE, the Ombudsman

EXECUTIVE MEMBERS:

Mick Martin, Managing Director

Executive Director Finance, Executive Director, Business Transformation

Sally Sykes, Executive Director, External Affairs and Strategy

NON-EXECUTIVE MEMBERS:

Peter Freedman

Dr Jane Martin

Sharmila Nebhrajani (AM only)

Sir Jon Shortridge KCB

Helen Walley

IN ATTENDANCE:

Gill Bull, Director of Strategy and Insight (items 8 and 9)

Mick King (LGO item 9)

Rebecca Milner, Head of Parliamentary (Item 9)

Steve Brown, Head of Assurance (item 10)

Head of Executive Office, Head of Executive Office (minute taker)

Item 2 Welcome and Chair's Introductions

- 2.1 The Chair welcomed Board members and 2 observers - Carol Ball, PA to the Board and Alex Gooding, Planning and Performance Officer. There were no conflict of interest items to record.
- 2.2 The Chair announced the resignation of Sharmila Nebhrejani from the PHSO Board. She had recently accepted a CEO appointment and had decided to step down to take on the full time appointment. The Chair thanked Sharmila for her time on the Board and wished her every success with her new job.

Item 3 - Minutes and Actions

- 3.1 Minutes and action log have been updated, taking into consideration Chair's comments and a new set will be sent round by email for approval.

Action 1 - Head of Executive Office to send round minutes and actions for approval. The minutes and actions of this meeting will also be circulated within five working days for clearance by Chair.

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Item 4 - Managing Director Report

4.1 The Board noted and approved the report. There was a substantial discussion on the contents of the report and Non Executives in particular were pleased that the new style reporting provides a good basis for robust discussions on what the key themes on Executives minds are.

Main points from discussion were:

- a) The Board were assured that the organisation has a grip on individual cases that have been in our system for longer than a year. All of these cases have been assigned to a Director and the MD is meeting with key colleagues regularly to ensure cases are completed as soon as possible. Cases that have been in our system for 6 - 9 months are also being monitored to ensure that are completed within the year.
- b) The Board agreed the development of a service charter which would be the vehicle to galvanise the listening to experiences of complainants and ensuring that we feed back into PHSO that learning and the lessons learned. Board engagement would be sought throughout development of the service charter. This would also be a useful tool for setting and managing people's expectations of PHSO from the outset.
- c) The Board recognised there would be organisational implications resulting from development of the service charter - e.g. training of key skills for staff on interviewing and understand and dealing with grief issues.
- d) The Board agreed that some of the very old cases may require reconsideration of existing evidence but on most we would be clear on our expectation that we are keen to learn lessons and close cases.
- e) Board agreed they would like to have exposure to quality assurance process and agreed that NEDS should join as an observer on the Serious Cases Review meetings (possibly by telephone). ST to add meeting dates to corporate calendar
- f) Board to be provided with specific lessons learned on 2 significant cases.
- g) It was agreed to set up advisory group - short term - to look at feedback and review from lessons learned and outcomes of service charter work - this will be set up through - this will be taken forward in the development of the service charter work.

Action 2 - Head of Executive Office to liaise with non-execs re serious case review meetings attendance.

Action 3 - Head of Executive Office to send lessons learned on 2 specific cases to non-execs.

Item 5 - Performance

5.1 The Managing Director introduced new style performance reporting pack.

Highlights from Q1 were:

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- challenge to sustain level of throughput so we are on target - flightpaths set and operationally above flightpath targets.
- PASC reports on complaint handling in the public sector and Ombudsman Reform were very good outcomes - we are changing our service and these reports are good foundation to build on in years ahead
- had been a really bumpy process for end of year finance and annual accounts preparation. MM apologised for unsatisfactory process and assured the Board that lessons had been learned and would not be repeated next year.

5.2 Mick Martin thanked Mick Procter for ensuring finance team were back to good place to enable accurate reporting for end of Q1 reporting - this reporting will allow sensible choices to be made for year ahead.

Finance

5.3 Executive Director Finance took Board through finance report - key headlines were:

- operational budget has small deficit at end Q1 due to loss of rental income;
- high level of vacancies in - but recruitment exercise underway
- core financial position at end Q1 is good and risks are clearly identified and being managed
- improvements have been made within finance team to improve recording of financial management and reporting processes
- Staffing resources have been strengthened in finance team, with Executive Director Finance now being Interim Executive Director Finance and recruitment underway for permanent ED and core staff.

Action 4: Update Board on staffing of finance at November Board.

5.4 The Board requested quarterly updates on the 2 projects that are over £100k; there would be a quarterly breakdown in reporting of income; and there would be forecast variance in the financial table.

Action 5: Executive Director Finance to build into next Quarters reporting information a) updates on projects over £100k; b) Quarterly breakdown reporting on income c) additional forecast/variance column added to financial table.

5.6 It was agreed that a conference call would take place in October re engaging board in half year forecasting and re-prioritising surplus money e.g. on branding and service charter work - which is currently not accounted for in this year's business plan.

Action 6: Head of Executive Office to arrange conference call in October to allow Board to engage in half year forecasting/reprioritising of business plan and any surplus funds.

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Operations

5.7 Mike Martin reported the key headlines:

- volume through door is flat at present
- looking to move away from "IVR" - the pre-recorded message and keypad instructions which callers get when they dial our helpline number. There is currently a high number of callers who hang up before they get through this automated process - removal of this may and instead speaking to a customer services assistant may help increase volume
- not yet delivering 20 day service - but targets are improving
- assessors are now trained in doing reviews to check to see if investigators are applying correct criteria.
- same methodology being used on quality as LGO - this will ensure ease for convergence

External Relations

5.8 Sally Sykes reported on key issues within External Relations:

- sepsis - one year one - PASC follow up meeting - day will review those to made pledges - how are they doing and will they re-pledge
- media monitoring shows that having a spokesperson to lead announcement and publications helps to mitigate negative media - especially on cases
- case studies now published on website - this fulfils one of our PASC commitments

Action 7 - Head of Executive Office to send PASC meeting on sepsis to non-executives

Board thoughts on new style reporting

5.9 Generally well received - lot of detail that was often duplicated in cover report and dashboard.

Action 8 - Head of Executive Office to ensure 4 short introduction papers with annex (dashboard) attached for Q2 reporting - finance and people; Operations; External Relations; business plan

Business Plan Performance Report

5.10 On Business Plan reporting - in future short cover paper should draw out when projects are not delivering and/or are over or under budget - on target activity can be updated but no need for discussion.

5.11 Agreed on need to recalibrate business plan in light of service charter work - consideration will have to be given about what drops out of business plan - this needs to be done before next Board meeting.

Action 9: Head of Executive Office to schedule in board phone call in September to discuss service charter progress and business plan re-prioritisation.

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Item 6 - A new approach to Information Security

6.1 The Board discussed and approved the proposal to develop a new set of information security standards for PHSO based on ISO27000 . This will allow the PHSO to move away from the PSN system which is designed to handle sensitive data - at national security level. The LGO does not currently subscribe to any formal set of information security standards. This is a key issue for convergence with LGO and continued liaison at the Convergence Committee will be required to ensure both organisations are in line - this paper will be discussed at LGO board in September. The Board stressed the importance of:

- ensuring we look at all risks associated with moving off PSN system and interim period of moving to reduced security level system
- ensure that we have a robust media handling plan in place to reassure stakeholders and complainants that we still have a robust safe system

6.2 Mick Procter confirmed that there were NO additional costs to moving to ISO 27000; and that we will be speaking to key stakeholders to alert them of changes once they are in place.

6.3 A report should return to the Board once aligned with LGO with timings for inflight scrutiny.

Action 10 - Head of Executive Office to timetable report return onto Board forward plan.

Item 7 - A new Casework management system

7.1 A new casework management system is required to replace current system (VisualFiles) by April 2015. LGO are participating in this plan and procurement process and will adopt the same system from April 2016.

7.2 The purpose of this discussion was to:

- look at aims document and add comments from Board
- discuss what Board thinks vfm should look like
- approve expenditure in principle
- discuss and decide when it comes back to Board for actual approval

The Board developed outline 'Aims':

Purposes: <ul style="list-style-type: none">• Deliver and manage our casework more efficiently and effectively inc less paper• improve our interface with	Who for: <ul style="list-style-type: none">• casework staff• Complainants - access to improvement service/benefits• Bodies in jurisdiction - electronic working
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<p>complaints and the public</p> <ul style="list-style-type: none"> • generate insight from casework more easily and effectively • realise financial benefits • enable modern service for complainants 	<ul style="list-style-type: none"> • External Affairs & Strategy staff to generate insight • Executive Team - insight • Board - meta analysis
<p>End Results:</p> <ul style="list-style-type: none"> • have a fully functioning new casework system • users will be fully trained • complainants will be able to access our services electronically 	<p>Success Criteria:</p> <ul style="list-style-type: none"> • Vfm • user satisfaction • digital customer interface in place and being used by complaints • paper-light working • easily generated insight from casework • strategic fit with IT infrastructure and LGO compatible

Risks

- April 2015 tight timescale
- governance - board received assurance that the Managing Director is involved at every stage. Phases
- Purchase
- design, set up and roll out team by team - not a big bang - will be phased.

Additional requirements

- separate knowledge management system required - all technology will be compatible - we intend to replace this by a separate procurement system - eg sharepoint
- front end portal will be purchased by a separate procurement
- checking what we want to get out of this activity
- productivity benefit - what will we do with that productivity gain - we need a benefit realisation programme

Benefits Realisation Programme

- will be required to be developed and brought by to Board to identify cost savings - then we can decide as a Board how to re-invest those savings.

7.3 The Board noted that it was intended to spend:

- up to £500k for initial purchase
- up to £150k/year on annual recurring costs - equates to £50/60k variance on yearly cost

The Board agreed that a revised business case to return to Board with

- updated aims
- benefit realisation programme
- timetable for implementation

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- specific costs confirmed including if costs include VAT.
- This will be done by correspondence or a call in September.

Action 11 - Head of Executive Office to add to board forward plan and set up phone call for September.

Item 8 - Strategic Plan Update

8.1 Gill Bull presented an updated draft plan to the Board - members had shaped the revised plan individually and were being asked to comment on overall tone of document; priority and sequencing of aims/agree approach to efficiency savings/what extent the plan should refer to ombudsman reform.

8.2 The Board agreed that:

- revised draft to have a critical eye cast over it to increase precision
- ensure we include sequencing in plan but not prioritisation - need to be flexible for external event that happen outside our control
- ensure in tone we get across message that getting core business right
- emphasise we are reducing costs in order to re-invest in performance and focus of vfm
- clarity for aims 3 and 4 still to be included (will plan sequencing of these at November away day)
- additional work on Aim 5 required
- need to be mindful of LGO strategic plan to ensure they marry up re convergence

Item 9 - Ombudsman Reform

9.1 Gill Bull/Mick King (LGO) and Rebecca Milner did a presentation on a vision for change and the attributes of a new Public Service Ombudsman.

9.2 The presentation updated the Board on:

- what a new service could look like;
- reflected and built on contributions made to PASC, CO and views from PHSO/LGO convergence committee;
- how it fits into wider justice landscape

and asked Board to input and shape the developing thinking.

9.3 Board agreed:

- would be ideal if devolved administrations were included in proposals from start - it was noted that this was difficult but that we should flag it from beginning - end result would be simpler for customers - even if it was a referral to those bodies - otherwise it's not a public service. It was noted that discussions had taken place with the actual administrations but not

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with Government.

- presentation - with a few changes could be shared with Cabinet Office
- clarification needed over personal jurisdiction
- possible change of name may be required

Item 10 - Risk

10.1 Steve Brown introduced the newly revised 14/15 strategic risk register Board members liked the revamped style but there was a general feeling that ratings did not match feel that came out in today's discussions - e.g. we had discussed risks with our financial management but the RAG rating was green.

10.2 Specifically, items to consider for next update:

Aim 1

- Contact Volume should feature as part of the measure of awareness of PHSO
- New key cause should be adverse publicity around specific cases the aggregate rating was Green 'if our reputation goes down externally does it discourage people from using us?', therefore should be amber.

Aim 2

- revisit the non-tolerance measure (<4500) Investigations & resolutions completed too high
- update business expectation on investigations and resolutions completed to 4000 (down from 5000)
- Old cases and casework quality/customer satisfaction is amber
- Tolerance non tolerance should be 'green' and business expectations should be 'Amber'.

Aim 3

- Systemic reports - general views that the non-tolerance should be delivery of less than 2 systemic reports in-year (2013/14's performance)
- Discussion on a new key cause framed around 'not enough resources or sense of priority to develop systemic themes'
- In Actions to reduce likelihood 'clarity on plans for systemic investigations
- Move comment "PHSO is a member of the Dept of Health complaints programme" down to be an Aim 4 comment.

Aim 4

- Build in new key cause - loss of authority due to adverse publicity. This creates an associated mitigation around targeted extra engagement with specific stakeholders

Aim 5

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- Identified 'staff mindset' in how we deal with complainants. This led to discussion on the difficulty of identifying associated cultural measures - but there is something here about identifying the key milestones of a strategy the achievement of which can be objectively reported and evaluated (e.g. the development and implementation of our service charter or the completion of the Caseworker Foundation Training)
- Financial Management - there was general agreement that although the chosen metric were green there were significant concerns around PHSO's financial position - not least around project costs/management and the achievement of anticipated business benefits
- Legal - there was acknowledgement that loss of experience was something for the next commentary - particularly as having expertise in place is a stated action to reduce likelihood. Our level of financial investment in external legal advice may also be something to monitor at the corporate risk level

Public Confidence

- Overall public confidence in PHSO - Key causes -change to 'Significant adverse publicity on a case'
- Overall public confidence in PHSO - An addition for the actions to reduce likelihood - A clear checklist of what we do in a crisis (the Board may undertake a crisis escalation (pressure testing) exercise in 15/16)
- Public funding - There was an acknowledgement by the board that as the full scope of PHSO's investment programme becomes real the value for money measure will need to be in a wider corporate context than limited to casework as the present one is.

Action 12: Head of Executive Office to schedule Risk after performance reporting as the two items are interdependent and schedule into Board Forward Look a crisis simulation workshop on risk.

Item 11 - Audit Committee Annual Report

11.1 Jon Shortridge presented the Audit committee Annual report for the Board to discuss and agree the contents.

11.2 The Board noted the report and in particular:

- control weaknesses
- procurement issues
- Annual Report and Accounts preparation

11.3 The Board agreed the contents of the report.

12 - Audit Committee meetings for adoption

12.1 The Board adopted the 12 June Audit Committee minutes.

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Item 13 - Governance Arrangements

- 13.1 This item will be done by correspondence and recorded in an addendum to these minutes

Item 14 - Update on Convergence Committee

- 14.1 The convergence committee programme within the business plan was noted as Red - this is because a business manager was not yet in place but recruitment was underway.
- 14.2 Executive Directors from both PHSO and LGO have agreed to meet and takes outstanding issues forward on conference. It was noted that the Convergence Committee chaired by Sir Jon Shortridge had moved issues along significantly in only two meetings.

Date of the Next Meeting

The next meeting is scheduled to take place on Monday 4 and Tuesday 5 November

Action 13: 2 Non executives have indicated that they are unable to attend the November meeting and with the resignation of another - Head of Executive Office will look for an alternative date for the November meeting.

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Appendix 1 - 12 July meeting - Actions Table

Meeting Minute	Action and owner	Action Taken
July 14 Action 1	Action 1 - ST to send round minutes and actions for approval.	Done
July 14 Action 2	Action 2 - Head of Executive Office to liaise with non execs re serious case review meetings attendance.	Emailed with dates and who to get in touch with re attendance
July 14 Action 3	Action 3- Board to be provided with lessons learned on two cases	One on November agenda, the other to be scheduled
July 14 Action 4	Action 4: Update Board on staffing of finance at November Board	On November agenda
July 14 Action 5	Action 5: Executive Director Finance to build into next Quarters reporting information a) updates on projects over £100k; b) Quarterly breakdown reporting on income c) additional forecast/variance column added to financial table	On November agenda
July 14 Action 6	Action 6: Head of Executive Office to arrange conference call in October to allow Board to engage in half year forecasting/reprioritising of business plan and any surplus funds.	Done
July 14 Action 7	Action 7 - Head of Executive Office to send PASC meeting on sepsis to non-executives	Done

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July 14 Action 8	Action 8 - Head of Executive Office to ensure short introduction papers with annex (dashboard) attached for Q2 reporting - finance and people; Operations; External Relations; business plan	check at November meeting
July 14 Action 9	Action 9: ST to schedule in board phone call in September to discuss service charter progress and business plan re-prioritisation.	Done
July 14 Action 10	Action 10 - Head of Executive Office to timetable a date into forward plan re update for Board on information security	January board agenda January
July 14 Action 11	Action 11 - Head of Executive Office to add to board forward plan and set up phone call for September.	Done
July 14 Action 12	Action 12: ST to schedule Risk after performance reporting as the two items are interdependent and schedule into Board Forward Look a crisis simulation workshop on risk.	Done for all following agendas. Crisis simulation workshop on Risk scheduled for May meeting
July 14 Action 13	Action 13: 2 Non executives have indicated that they are unable to attend the November meeting and with the resignation of another - Head of Executive Office will look for an alternative date for the November meeting.	Done - now 27 and 28 November
July 14 Action 14	Action 14: Risk Manager to build in Risk Register amendments for next report	Done