



BOARD MEETING - BUSINESS PLAN AND BUDGET

9-10 MARCH 2016

Minutes (Agreed by Chair)

MINUTES OF PHSO BOARD

9-10 March 2016

CHAIR:

Dame Julie Mellor DBE, the Ombudsman

EXECUTIVE MEMBERS:

Gill Kilpatrick, Executive Director of Finance and Governance

Rebecca Marsh, Executive Director of Operations and Investigations

NON-EXECUTIVE MEMBERS:

Sir Jon Shortridge KCB

Peter Freedman

Dr. Jane Martin

Ruth Sawtell

Dr. Julia Tabreham

Helen Walley

APOLOGIES:

Alan Graham, Non-Executive Director

IN ATTENDANCE:

Shareena Merzi, Acting Executive Director of External Affairs and Strategy

Adam Hawksbee, Principal Private Secretary to the Chair

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

Ralph Corrigan, Investigator (item 2)

Tracy Ann Howarth, Quality Insight Manager (item 2)

Maria Leader, Lead Clinician (item 2)

Sue Lowson, Lead Clinician (item 2)

Katie O'Connor, HR Business Partner (item 2)

Sundeeep Panaich, Investigator (item 2)

Sarah Wilde, Director of HR, People and Talent (item 6)

Day 1: 9 March 2016

1. Chair's Introduction

1.1 The Chair welcomed Board members to the meeting. Apologies were noted from Alan Graham, who was appointed Chair of the Audit Committee and Non-Executive Director on 7 March 2016.

2. Staff Presentation

2.1 The Acting Executive Director of External Affairs and Strategy introduced the staff representatives to the Board and highlighted the impressive work undertaken by staff in response to the 2015 staff survey.

- 2.2 Four staff representatives presented the staff action plans on leadership, change management, communication and valuing staff. It was noted that these action plans had already been presented to the Executive Team.
- 2.3 Two representatives presented their learning from the Haringey Council organisational raid and shared with the Board their reflections on four key areas: culture and values, leadership, communication and change management.
- 2.4 Summary of Board discussion:
- The Board thanked staff for their presentations and welcomed their positive approach.
 - The Board asked the Executive Team to ensure the action plan was integrated into the 2016-17 Business Plan and engagement plan.

3. Plan to deliver the Annual Report and Resource Accounts

- 3.1 The Executive Director of Finance and Governance introduced the plan to deliver 2015-16 Annual Report Resource Accounts. The purpose of the item was to agree timescales for laying the accounts before Parliament and to share the views of the Audit Committee following their meeting on 2 March 2016.
- 3.2 The Board agreed to lay the 2015-16 accounts before Parliament in October 2016, as recommended by the National Audit Office and endorsed by the Audit Committee.
- 3.3 The Board was informed that the Audit Committee had deep concerns stemming from the internal auditor's report focusing on the organisation's financial, procurement, business continuity and organisational controls. This was indicative of a failure of control framework around stewardship and governance.
- 3.4 Summary of Board discussion:
- It was agreed that the issues raised by the internal auditors spoke to a wider organisational issue of insufficient focus on stewardship and governance.
 - The Board agreed that the Executive Team's priority was now to establish systematic ways of getting things done and to focus on rapid sustained improvement of the broader control framework. It was recognised that the 2016-17 budget and business plan would be adjusted to give the Executive Team the space and time to achieve this.
 - The Board recognised and supported the Executive Director of Finance and Governance's recruitment timetable for establishing a permanent finance team, and the proposal to bring in focused, additional resources to resolve the issues regarding the Finance Code and Finance Manual.
 - The Board further supported the Executive Director of Finance and Governance's continued work to address the remaining issues raised from

the 2014/15 audit relating to the organisation's policy towards benefits in kind. This will be considered by the Remunerations and Nominations Committee in May 2016.

ACTION 1 - The Executive Director of Finance and Governance will make the appropriate arrangements with the Board and Audit Committee in order to lay the 2015-16 Accounts before Parliament in October 2016.

ACTION 2 - The Remunerations and Nominations committee will consider the PHSO policy towards benefits at their meeting in May 2016.

4. Ombudsman Reform

4.1 The Chair of the Board informed the Board of the latest developments with regard to Ombudsman Reform. The purpose of the discussion was to agree what would be on the agenda of a potential joint LGO-PHSO Board meeting after May 2016.

4.2 The Board welcomed the update and confirmed the suggestion to hold a joint LGO-PHSO Board meeting in June.

ACTION 3 - The Governance Team will liaise with LGO to deliver a joint LGO-PHSO Board meeting, tentatively scheduled for June 2016.

End 18:00

Day 2: 10 March 2016

5. Update and Activity Forward Plan on Internal Communications and Employee Engagement

5.1 The Acting Executive Director of External Affairs and Strategy introduced the activity forward plan for internal communications and employee engagement. The purpose of the item was to inform the Board and provide assurance of progress in this area.

5.2 Summary of Board discussion:

- The Board welcomed the update and agreed that the progress to date increased their confidence that the issues were being addressed.
- The Board expressed concern regarding the implementation of the Performance Development Review System (PDRS) and the seeming disconnect between the Management Development Programme and the organisation's leadership. It was agreed that these were to be areas of focus for the Executive Team.
- It was agreed that engagement will continue to be a priority area for PHSO's leadership.

6. Business Case Proposal: new Human Resources system

6.1 The Director for Human Resources, People and Talent introduced the proposed business case for a new, fully integrated human resources system at an additional cost of approximately [Redacted - Commercially sensitive] (approximate total investment of [Redacted - Commercially sensitive]).

6.2 Summary of Board discussion:

- The Board agreed to commit the additional [Redacted - Commercially sensitive] in principle.
- It was agreed that further research be undertaken to determine if the new system could be integrated with LGO's HR system. If not, the LGO and PHSO would explore the possibility of a new joint system for both organisations.
- It was noted that an integrated HR and finance system would be preferable.
- It was agreed that once the integration details were researched and understood the Board would make its final decision via correspondence.

ACTION 4 - The Director of HR, People and Talent will research how to integrate the new HR system with the LGO and consider integration of HR and finance systems. She will report back to the Board for agreement via correspondence.

7. 2016-17 Business Plan and Budget

7.1 The Chair introduced the 2016-17 business plan and budget. She highlighted that within the context of the Managing Director's leave of absence, and the acknowledged need for the Executive Team to prioritise strengthening corporate governance during 2016, the business plan's ambition would need to be scaled back and the budget adjusted accordingly.

7.2 Summary of Board discussion:

- The Board agreed that the areas needing further development were aims 2 (*'Help more people by resolving and investigating more complaints and providing excellent customer service for everyone who contacts us'*) and 5 (*'Make sure our organisation works well to help us achieve our aims'*).
- The Board agreed to delay implementing the staffing savings plan by 6 months. It was acknowledged that this would impact the budget.
- It was recognised that the reconfigured budget would reduce contingency funds.
- The Board stressed that the revised business plan must ensure that quality and standards were protected, and a back-log must not be allowed to build up.
- It was agreed that the Executive Team would revise the business plan and budget in line with the Board's strategic steer as a matter of urgency. The revised plan and budget would be on the Board's April agenda.

ACTION 5 - The Executive Team will deliver the revised 2016-17 Budget and Business Plan at 25-26 April 2016 Board meeting.

End 15:35.