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1967-2017

PHSO BOARD OPEN SESSION MEETING

28 September 2017

Minutes (Approved)

MINUTES OF PHSO BOARD OPEN SESSION MEETING

28 September 2017

CHAIR:

Rob Behrens CBE, Ombudsman

NON-EXECUTIVE MEMBERS:

Elisabeth Davies
Alan Graham MBE
Michael King
Ruth Sawtell
Sir Jon Shortridge
Dr Julia Tabreham

EXECUTIVE MEMBERS:

Amanda Campbell, Chief Executive
Alex Robertson, Executive Director of External Affairs and Insight
Gill Kilpatrick, Executive Director of Finance and Corporate Services

APOLOGIES:

Rebecca Marsh, Executive Director of Operations and Investigations

IN ATTENDANCE:

Karl Banister, Legal and Governance Director
Andy Dawson, Governance Officer (minutes)
Martyn Schofield, Head of Governance
Lyn Wibberley, Chief of Staff

Duleep Allrajah (Observer)
Elliott Frisbee (Observer - item 10 onwards)
Warren Seddon (Observer)

6. Chair's Introduction and Welcome

6.1 The Chair welcomed members present and outlined the agenda. Apologies for absence were noted from Rebecca Marsh, Executive Director of Operations and Investigations.

7. Declarations of Interest

7.1 There were no declarations of interest related to any matters on the agenda.

8. Minutes and Matters Arising

Meeting held on 23 May 2017

- 8.1 The Board approved the minutes from meeting held on 23 May 2017, subject to the following amendment:

Minute 11.9 Annex B-2016/17 Financial Position as at 31st March 2017

The report would be submitted to the next ARAC meeting.

Meeting held on 7 July 2017

- 8.2 The Board approved the minutes of the extraordinary meeting held on 7 July 2017.

Updates on matters arising

- 8.3 The Chair of the Audit and Risk Assurance Committee (ARAC) expressed concern about the delay in the minutes of ARAC meetings being submitted to the Board. This arose from the infrequency of ARAC meetings and the need for ARAC to approve the minutes prior to submission to the Board. He proposed that draft minutes of future ARAC meetings could be placed before the Board, subject to later correction if required.

The Board **agreed**.

ACTION: Head of Governance to include the most recent Committee minutes in the Board agenda.

- 8.4 Elisabeth Davies advised that the way Board Members' comments were attributed in the minutes should be consistent as either anonymising or naming.

ACTION: Head of Governance to ensure consistency in minute conventions.

- 8.5 A table of matters arising had been circulated. On item 2.14 (9 March 2017), the Executive Director of External Affairs and Insight advised that the work detailing the collection of data about insights from casework would be considered in December 2017 as this was not time critical.

9. Chief Executive's report

- 9.1 The Chief Executive's report had been circulated to the Board.

- 9.2 Amanda Campbell acknowledged that it had taken the organisation too long to deal with some of the Equality and Diversity issues raised by staff. The organisation were now addressing these issues, and had appointed a company called DisabilityNet to resolve the ICT challenges.

- 9.3 Amanda Campbell advised that there were now many changes happening simultaneously and quickly. She said she wished to assure the Board that PHSO recognised and were managing the volume of activity across the organisation.
- 9.4 There had been real progress on the Accommodation Project. HM Treasury had given the project their approval and had agreed to fund the fit-out costs. A separate report was on the Board agenda.
- 9.5 HM Treasury had also given an assurance that they would meet any shortfall in redundancy funding following the recent Court judgement on failure to consult about changes to the pension scheme.
- 9.6 Amanda Campbell acknowledged that staff had felt let down by the slow pace of consultation and change. However some difficult decisions had been made and only eight compulsory redundancies had been necessary, from a reduction in staffing of over 70 posts.
- 9.7 The new team structures would be in place by 2 October 2017. The new operational teams were being supported by a significant training programme, which would be delivered in two phases. The first phase, up to December 2017, was role-ready training to ensure that caseworkers could fulfil their immediate function. From January 2018 there would be extensive skills-based training. This phase would also include Equality and Diversity, Leadership and Management.
- 9.8 Amanda Campbell recognised that communications with staff about the change programme had been poor. As a result of this a weekly cascade was now in place that had received positive feedback from staff.
- 9.9 Work had started to select PHSO's 'Charity of the Year'. This was a new initiative aimed at building an organisation-wide team. Alan Graham asked how charities were nominated, as links to charities were valuable to both the charity and the organisation. Amanda Campbell explained that nominations had been invited from staff. A team of volunteers would then prepare a shortlist, which would go to a staff vote. Board members were invited to contribute and to get involved.
- 9.10 The Board discussed the contents of the report. Ruth Sawtell said that it had been disappointing to see the fall in staff engagement reported in the June 2017 pulse survey. Amanda Campbell said that the survey had been taken in the middle of the collective consultation period at a time of maximum uncertainty. However a significant change was not expected in the October 2017 survey, as transition was still underway.
- 9.11 Elisabeth Davies said that she would like more information about what was being done to manage staff handovers. Amanda Campbell advised that departing staff were running down their case holdings in advance of leaving and focussing on closing cases. There was a planned process for the handover of all unfinished cases.

- 9.12 Jon Shortridge commended the training programme but said that it must go beyond a ‘sheep dip’ approach. Amanda Campbell reported that, following the training, experienced staff should continue to support new staff. Staff were integral to the design and delivery of training, which was modular and was aimed at meeting the range of different needs. The training would eventually lead to accreditation.
- 9.13 Julia Tabreham expressed concern about the reported rise in bullying in the pulse survey. Amanda Campbell replied that there was no increase in staff saying that they had personally experienced bullying. Rather there was a perception of bullying through performance targets and the way the consultation had been managed. The trade union side had been asked to provide evidence of incidents of bullying, but no direct evidence had been received. There was perhaps a need to be more clear about what was meant by bullying and harassment.
- 9.14 Alan Graham asked about the impact of the movement of Finance staff to Manchester and whether there was an attached risk. Gill Kilpatrick, Executive Director of Finance and Corporate Services, said that Finance had been one of the first teams to move to Manchester. The team were settled, of a high calibre and their work was on track.
- 9.15 The Board thanked Amanda Campbell for her presentation and openness, and **noted** the report.

10. Ombudsman’s Report to the Board

- 10.1 The Board received a report from Rob Behrens, Ombudsman, for information.
- 10.2 Rob Behrens invited Board members to attend the PHSO Open Meeting in Manchester on 30 November 2-17. To date 84 individuals and organisations had signed up to attend.
- 10.3 Rob Behrens provided details of further meetings and engagements, including:
- 10 October 2017 - the Ombudsman meeting with PHSOthefacts
 - 31 October 2017 - the Ombudsman meeting with the Secretary of State for Health
 - 13/14 November 2017 - PHSO was hosting the Ombudsman Association’s Public Sector Ombudsman Group at a meeting in Manchester
- 10.4 PHSO were presenting the Annual Ombudsman Lecture in association with the London School of Economics. The focus would be on the 50th anniversary of PHSO. Board members were welcome to attend and further information would be circulated.

- 10.5 Rob Behrens highlighted his series of engagement meetings with staff. These had been very productive and the output from the meetings would be fed into the strategic plan for 2018-21.
- 10.6 Julia Tabreham said that she was pleased to read of the re-engagement with the wider Ombudsman community. She asked about the impact of BREXIT on PHSO's work. Rob Behrens said that the challenge was not to become involved in the politics of BREXIT, as some of our European counterparts had. He wished to highlight the role PHSO could play in, for example, immigration and nationalities arising from BREXIT. It was therefore important that the focus was not just on health complaints.
- 10.7 Alan Graham asked about the timetable for appointing new Non-Executive Directors. Elisabeth Davies said that shortlisting had taken place and that some of the final stage interviews were scheduled for 9 October 2017. A further interview date would be arranged for mid-November as not all candidates were available.

10.8 The Board **noted** the report.

11. Operational Performance Report Q1 2017/18

- 11.1 A report from Rebecca Marsh had been circulated to the Board. Amanda Campbell led on the discussion of the report.
- 11.2 Amanda Campbell tabled before the Board an extract from a presentation first made by Rebecca Marsh to the Quality Committee on 14 September 2017, on 'Driving the Quality of Casework at PHSO'. (The presentation is attached to these minutes at Appendix 1). The presentation set out a list of areas where it was perceived that there were quality issues, and identified actions planned for dealing with three of these areas: Thoroughness, Communications and Clinical Advice. Elisabeth Davies said that this paper had been discussed by the Quality Committee, who had focussed on the potential quality impacts of the Target Operating Model.
- 11.3 The Operational Performance Q1 report showed that, across the board, results had improved.
- 11.4 Unallocated assessments and investigations had both risen significantly since the end of Q1 and were likely to increase further as caseworkers were taken off line for training. Amanda Campbell tabled a chart showing projections that by the end of the business year there would be 788 unallocated assessments and 567 unallocated investigations. (A copy of the table is attached to these minutes at Appendix 2). The numbers would then reduce gradually, with assessments projected to be at or close to zero by August 2018, and investigations to be at or close to zero by December 2018. These projections were based on a mitigation agreed by the Executive Board on 27 September 2017, to recruit 25 caseworkers above establishment. However the projections did not include any efficiencies from the training

programme, as it was too early to quantify. The projections were therefore a worst case scenario.

11.5 Board members said that they appreciated the measures taken to recognise and manage a peak in workload arising from the need to train staff to operate in the new structure. Board members asked for regular updates on the numbers of unallocated assessments and investigations, and for future projections which as far as possible should be realistic and based on the best available information, rather than worst-case scenarios.

ACTION: The Executive Director of Operations and Investigations to submit to the Board regular updates on actual and projected numbers of assessments and investigations awaiting allocation

11.6 The Board discussed the delays arising from the increase in unallocated casework. Amanda Campbell said that the delay in concluding assessments was not expected to exceed 30 days (currently 28). On investigations the average waiting time was 127 days, but that included delays on very old cases; the underlying figure was 112 days.

11.7 The Board noted the report.

12. Manchester Accommodation Project Update

12.1 A paper by Gill Kilpatrick had been circulated to the Board. The paper asked for Board agreement to sign the lease for new accommodation in Citygate, Manchester, and associated fit-out costs.

12.2 PHSO had consulted with staff about what they wanted, and had worked with the Equality, Diversity and Inclusion Forum to ensure that the whole building was accessible to all staff.

12.3 Amanda Campbell said that the Board had previously approved the accommodation project as part of the business plan.

12.4 A motion that the Board agree the proposal was moved by the Executive Director of Finance and Corporate Services and seconded by Jon Shortridge. The Board **agreed** unanimously.

13. Corporate Health Performance Report Q1 2017/18

13.1 The Corporate Health Performance Report had been circulated to the Board and was presented by Gill Kilpatrick. Key points of the report were:

- The Q1 Staff Engagement Pulse Survey showed a decline in scores relating to bullying and harassment.
- The number of learning and development days was lower than at the same point last year. It would increase when the 2017/18 programme was fully underway.

- Sickness levels at PHSO had worsened significantly, with a rolling 12 month average of 8.4 days per person. This was now very close to the CIPD public sector average (8.5 days). The increase (from 7.9 days in 2016/17 Q4) was mainly due to an increase in long term sickness.
- PHSO were performing well against current diversity targets.
- All financial performance standards had been achieved, with the exception of a single urgent procurement item for £7k.
- The number of outstanding audit actions (42) was high, although most of these would be closed in line with the revised timelines reported to ARAC.

13.2 The Board were concerned that PHSO were very close to the sickness absence target. Gill Kilpatrick said that PHSO were looking at this very closely to understand the trend.

Annex A: PHSO Business Plan 2017/18

13.3 The Board noted that most aspects the Business Plan were on track.

13.4 In response to a question from Elisabeth Davies, Gill Kilpatrick confirmed that the reported pause in implementation of the Digital Strategy was because the timeline progressed ahead of the Corporate Strategy and there were resourcing implications. It was intended that work would commence in March 2018.

Annex B: Financial position as at 31 July 2017

13.5 HM Treasury had agreed the business case for additional capital funding of £1.17m for the fit-out of the Manchester Citygate accommodation, and a further £416k for future London fit-out costs.

13.6 A revised resource budget had been prepared which aligned budget lines with the new delivery structures. This was at Annex 1 to the Financial Position report.

13.7 As part of the autumn supplementary bid, PHSO had submitted a reserve claim for £1.8 million including £650k to meet the increased costs of redundancies following the ruling that the 2016 CSPS redundancy arrangements were illegal and that the 2010 scheme must be used, resulting in a 25% increase in costs. Gill Kilpatrick said that since the report had been prepared, HM Treasury had agreed the additional funding.

13.8 The forecast end of year position for the resource budget was an overspend of £33k, with £28k remaining in the general contingency. However there were risks of an overspend on legal costs and an underspend on financial depreciation, which could not be vired to other budget lines.

13.9 As at 31 July 2017, only £26k of the core capital budget had been spent. The Technology Project Board were now reprofiling the budget and it was

expected that the full budget would be spent by the end of the financial year.

13.10 In negotiations about supplementary funding, HM Treasury had pointed out the budget underspends in 2016/17. PHSO had therefore had to make a robust case to secure funding. It was therefore critical that underspends were kept to a minimum.

13.11 Alan Graham asked how the Board received assurances about the various project and programme boards responsible for expenditure, as they report to the Executive Team. Amanda Campbell said that these were reported in the relevant sections of business plan updates.

13.12 In response to a question from Jon Shortridge, it was confirmed that a large increase in pay spending reported in the revised resource budget was for redundancy costs.

Annex C - Strategic Risk Report and Register

13.13 The Report highlighted improvements in the risk management process since the last Board meeting, including:

- The Risk Management Framework had been revised and now included risk appetite, risk management principles, PHSO's risk hierarchy, guidelines on assessing risk, and a statement of risk management responsibilities.
- A Risk Forum had been established in April 2017, to manage the escalation of operational to strategic risks, and to report and make recommendations on strategic risks to Senior Leadership Group.

13.14 ICT was now a RED risk. A number of issues had arisen which had the potential to impact on service delivery in future. Mitigations had been agreed and were outlined in the risk register. It was recognised that PHSO now needed to carry out a full review of the ICT structure, looking at the robustness of service provision and how the systems delivered the Corporate Strategy.

13.15 The Board discussed the ICT issues and recognised that these represented a significant challenge. Rob Behrens said that problems with ICT had been a cause for poor staff engagement, and that he was looking for a clear improvement plan. In particular, the promised improvements to MSD, and the way it integrated with Outlook had not been delivered.

Annex D - Equality, Diversity and Inclusion Action Plan

13.16 The Board noted that delivery of the ED&I action plan was broadly on track. Exceptions were listed in the report.

13.17 The Board **noted** the Corporate Health Performance Report.

14. Cyber Security

14.1 A report on Cyber Security had been circulated to the Board and was presented by Gill Kilpatrick. The report set out how PHSO ensured effective security of ICT systems and identified future developments which were still under consideration.

14.2 It was confirmed in discussion that PHSO had not been affected by the recent ransomware attack. Board members were aware of instances where, although the core ICT infrastructure had not been infected, the attack had succeeded due to weaknesses with connected peripherals or home computer log-ins. Gill Kilpatrick reported that PHSO's system did not allow connection to unauthorised peripherals or computers.

14.3 The Board **noted** the Cyber Security report.

15. Internal Communications and Engagement Update

15.1 A paper from Alex Robertson, Executive Director of External Affairs and Insight, had been circulated to the Board.

15.2 The Board's discussion of the paper focussed on the next staff survey, scheduled to run from 19 October to 6 November 2017. This year the survey would have greater alignment with the Civil Service People Survey, which PHSO planned to join next year.

15.3 The Board welcomed the development and **noted** the contents of the update.

16. Report: Audit Committee

16.1 Minutes from Audit and Risk Assurance Committee (ARAC) meetings on 17 May 2017 and 20 June 2017 had been circulated to the Board. The Chair of ARAC gave an update on the Committee's work and priorities, including:

- ARAC had noted considerable improvement in financial management, control and reporting.
- There had been significant progress on the review and implementation of the Governance Framework.
- The Annual Internal Audit for 2016/17 had recorded that there was significant assurance, with some improvements required.
- The ARAC effectiveness review had been completed and had identified a number of issues that were being taken forward.
- The Business Continuity Plan had been updated.

16.2 The Chair identified other areas of interest for ARAC, including:

- Meridio;

- A joint NAO presentation on Value for Money and Responsibility;
- PHSO's Register of Policies, including whether there was a timetable for review, and compliance with the timetable
- Business Continuity in the context of the whole of PHSO's operation, not just ICT.

16.3 The Chair said that the Internal Audit contract was being reviewed. Several options for the review were discussed.

16.4 The Chair said that he would shortly be attending a meeting of ARAC chairs at the Department of Business, Innovation and Skills.

17. Report: Quality Committee

17.1 Minutes from the Quality Committee meeting of 19 June 2017 had been circulated to the Board.

17.2 Elisabeth Davies, Committee Chair, said that the June meeting minutes showed how the Committee had drilled down into Service Charter commitment data, and had explored reasons for the divergence between PHSO's casework process assurance data and complainant feedback. This was to be explored further in future meetings.

17.3 The Committee had received an update on the Investigation Reports Project and planned to undertake a more detailed analysis on the quality of investigation reports.

17.4 Three priority areas for the Committee were:

- Guidance and training
- Scoping
- Signposting of Advocacy services.

18. Items agreed by correspondence

18.1 A report of matters which had been agreed by the Board by correspondence was circulated.

18.2 The Board **noted** the report.

19. Any Other Business

19.1 None.

20. Review of the Meeting

16.1 Board Members commented that:

- The Strategy Development workshop prior to the meeting had been very useful.
- The Board had kept to time.
- The meeting had been suitably strategic and had provided assurance across a range of difficult areas.
- There had been a refreshing level of honesty and openness, in particular on the projected accumulation of unallocated assessments and investigations.
- There had been few staff observers. This may be because the meeting had been held in London, as several Manchester staff had asked to observe but had decided to wait for the next Manchester meeting.
- There had been issues with the papers, as several additions to the Board Pack had been circulated late. This was not ideal.
- Acoustics in the Millbank Boardroom were poor. Amanda Campbell said that improved acoustics had been included in the specification for the new Boardroom on the 21st floor.

21. Date and Location of next meeting

21.1 The next meeting taking place on 14 December 2017 in Manchester. The Ombudsman suggested that those Board members who intended to stay overnight on 13 December might meet informally for dinner.

The meeting ended.