



**PHSO BOARD OPEN SESSION MEETING**

**25 OCTOBER 2016**

**Minutes (Draft)**

## **MINUTES OF PHSO BOARD OPEN SESSION MEETING**

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### **CHAIR:**

Dame Julie Mellor DBE, the Ombudsman

### **NON-EXECUTIVE MEMBERS:**

Elisabeth Davies  
Alan Graham  
Dr Jane Martin  
Ruth Sawtell  
Sir Jon Shortridge KCB  
Dr Julia Tabreham  
Helen Walley

### **EXECUTIVE MEMBERS:**

Amanda Campbell, Chief Executive  
Gill Kilpatrick, Executive Director of Finance and Governance  
Rebecca Marsh, Executive Director of Operations and Investigations  
Alex Robertson, Executive Director of External Affairs and Strategy

### **APOLOGIES:**

None

### **IN ATTENDANCE:**

Adam Hawksbee, Principal Private Secretary to the Chair  
Helen Holmes, Legal Director  
Alexandra Jones, Interim Director of Governance  
Patrick Makoni, Board and Committee Clerk (minutes)  
Sarah Wilde, Director HR, Talent & People  
Shareena Merzi, Director of Media, Marketing and Digital Communications (for item 8 only)  
Chris Morgan, Director of Quality Service and Integrity (for item 6 only)  
Victoria Bingham, Assistant Facilities Manager (observer)  
Hannah Burling, Information and Records Manager (observer)  
Natalie Dawson, Investigation Manager (observer)  
Elliott Frisby, Press and Media Manager (observer)  
Amanda Nicholls, Communications Coordinator (observer)

## **1. Chair's Introduction and Welcome**

1.1 The Chair welcomed members present and outlined the agenda.

## **2. Declarations of Interest**

- 2.1 Dr Julia Tabreham declared that she had volunteered to assist in writing a training programme for lay people for the National Institute for Health and Care Excellence (NICE). The Board agreed there was no conflict of interest with the matters under discussion, and it would not affect her ability to act in accordance with her duties at PHSO.

**Clerk's Note: Dr Julia Tabreham has since advised that this has not materialised and that she is no longer involved.**

### **3. Minutes and Matters Arising**

- 3.1 The minutes of the joint LGO/PHSO Board meeting were **agreed** as a true and correct record subject to the correction of Sir Jon Shortridge's attendance record which was listed twice.
- 3.2 The minutes from the meeting held on 25/26 July and 29 September 2016 would come to the November meeting.
- 3.3 The Board noted the Actions Table from the previous meeting. Updates are captured in the table at the end of these minutes.
- 3.4 The Board recorded its appreciation to the Interim Chief Executive for his work at the PHSO. All wished him well for the future.

**Action: Board and Committee Clerk; minutes  
Chair; Formal letter of thanks to Alan Doran (Interim CEO)**

### **4. Chair's Report to the Board**

- 4.1 The Board received a report from the Chair for note.
- 4.2 She had been focused on casework and had dealt with more cases under the delegation scheme during the period under review as the Interim CEO did not carry that responsibility.
- 4.3 Work was continuing with the LGO around plans for convergence. A meeting in conjunction with the Chair and Ombudsman of the LGO, Dr Jane Martin, had taken place with Chris Skidmore (Minister for Ombudsman Reform).
- 4.4 The Chair had recently met with an individual who had used PHSO's service and wanted to discuss how the service could be made more accessible to autistic people.
- 4.5 Operations had a "point of need" strategy in place and had started meeting some organisations to ensure that different complainants were catered for. A stakeholder mapping exercise was taking place.
- 4.6 The Board **noted** the report.

### **5. Chief Executive's Report to the Board**

- 5.1 The Board received a report from the CEO for note.
- 5.2 She pointed out that the structure and format for Board papers had changed. The aim was to strike a balance between brevity and the amount of content required to enable the Board to deliver its function.
- 5.3 Additional points to note were:
- i. The Voluntary Exit (VE) Scheme had been opened more broadly to PHSO staff after finalisation of the senior staff restructure.
  - ii. A resolution had been found in the pay comparator dispute. A paper would be presented to the Board later in the confidential part of the agenda.
  - iii. A plan for tackling unallocated work (which remained high) had been agreed and commissioned with the Executive Director of Operations and Investigations. The deployment of the MSD casework management system and the reshaping of the organisation work were having an impact on reducing the level of unallocated cases.
- 5.4 In discussion, members were generally supportive of the new format of papers but wanted more detail/evidence on papers where approval was needed. Clarity was requested on:
- Assurance on mitigation of the queue (the speed of resolving), when the workforce was being reduced and the new casework management was being introduced
- 5.5 In response, The Executive assured the Board that:
- Resources were being examined in terms of short and long term requirements with recruitment underway where required.
  - The Executive team was satisfied that the mitigations in place would ensure that the level of unallocated cases would not worsen.
- 5.6 The Board noted the report.

## **6. STRATEGY AND PLANNING**

### **Reshaping the Organisation - Update on Senior Structure**

- 6.1 The Board received a paper outlining progress to date on Reshaping the Organisation Phase One - Senior Structure from the Executive Director of Finance and Governance, to note the update and be assured of progress.
- 6.2 Constructive feedback had been received from both staff and Unions after a 30 day consultation period which had begun on 30 August.
- 6.3 Following discussion, the Board was assured that:

- In relation to the criteria used to agree applications for Voluntary Exit (VE), business need, including the skills required, was a key criteria.
- PHSO would be sufficiently resourced and there would not be a detrimental impact on the level of unallocated cases as a result of the VE scheme.
- A fair and transparent process had been applied (criteria published on Ombudsnet) in agreeing which VE applications would be accepted. In relation to a query on the senior structure, the Board was assured that compliance was incorporated, and specifically, fell within the responsibilities of the Head of Governance.

6.4 The Board **noted** the paper.

### **Future Operating Model for Operational Delivery Options Appraisal**

6.5 The Board received a paper setting out the options appraisal for the Future Operating Model from the Executive Director of Operations and Investigations. They were asked to consider the future operating model and consider the impact of implementing the recommended approach.

6.6 A Target Operating Model (TOM) had been designed to align PHSO resources and ensure optimum delivery of the Service Charter, the Service Model and quality assurance while supporting the delivery of the overall 24% budget reduction.

6.7 Benchmarking activity had taken place with site visits and discussions held with comparator organisations across the country and abroad. Four models had been examined in detail (including a “do nothing” model) with the Fusion TOM being preferred.

6.8 The model would deliver the following operational benefits:

- Greater consistency in quality control with quicker conclusions;
- Reduction in management costs;
- Greater flexibility to meet demand spikes as the majority of work is carried out by a single staff group;
- A clear career path/progression within PHSO;
- Appropriate challenging work at the right level.

6.9 Following discussion, there was unanimous support from the Board for the proposed Model with the following comments being made:

- The costs estimate on like for like comparison would need refining
- More clarity was needed on implementation costs
- Stratification - to confirm the understanding that staff would deal with complainants’ cases (complex or simple) using a similar approach and gain the same end-user experience.

- Vulnerable complainants - how the model would be implemented with staff engagement critical to avoid a culture of delay and disempowerment developing
- Ensuring that the necessary skill sets needed in Assessment were in place, taking into account more work on resolutions/judgements.
- Assurance on demand management with confidence on the numbers of staff required.

6.10 The CEO assured the Board that a dedicated Project Manager had been appointed and would report to her via a Project Board. The Board would receive an update at its next meeting in November.

6.11 The Board noted the paper.

**Action: The Executive Director of Operations and Investigations to provide an update at the next Board meeting in November.**

#### **Approach to the Service Reviews for Corporate Services and External Affairs and Insight**

6.12 The Board received a paper on the Approach to the Service Reviews for Corporate Services and External Affairs and Insight from the Executive Director of Finance and Governance for note.

6.13 All options would be considered including shared services with the LGO. Other points to note were:

- Proposals would be laid out in January 2017
- A Project Board chaired by the CEO would be set up to ensure the whole reshaping project, including interdependencies, is well managed. The project Board would agree the Target Operating Model, and the service reviews, including accommodation.
- Staff engagement is an underpinning principle, with all staff involved in the development of proposals within their service areas.

6.14 Following discussion, the Board welcomed the management approach and cautioned the Executive against under-estimating the real costs of changes and asked the Executive to give further attention to resourcing the project. The Non-Executives specifically cautioned against positivism bias they had observed in the past. Concern was also raised on outstanding Audit and Risk and Assurance Committee actions that were building up.

6.15 In response, the CEO pointed out that resourcing was a challenge but recruitment was underway to fill a number of posts which will increase resilience. In addition, the CEO gave assurance that:

- Costs would be balanced by taking steps such as involving external recruiters for specialist roles
- The scale of corporate activity in governance was recognised.

6.16 The Board noted the paper.

## **7. Financial Position 2016/17 to 2019/20**

7.1 The Board received a paper from the Executive Director of Finance and Governance forecasting the financial position 2016/17 to 2019/20 for noting.

7.2 The financial forecasts remained largely as agreed during Corporate Service Reviews (CSR) discussions but had been updated to reflect the latest information on internal expenditure plans and external economic factors.

7.3 Following discussion, Members noted the scale of year on year savings and that there was no budget provision beyond 2016/17 for the Queue Project. Members expressed confidence in the forecast position.

7.4 The Board noted the paper.

## **8. Internal Communications and Engagement Update**

8.1 The Board received a paper on Internal Communications and Engagement from the Executive Director of External Affairs and Strategy to note progress, next steps and plans for upcoming internal communications and engagement activities.

8.2 A staff survey had been undertaken between 1 and 19 September 2016. The overall response rate was high, with 82% of staff responding. There was minimal change in the engagement score, which was 2% higher than last year's figure but lower than the Civil Service benchmark.

8.3 A plan was in place to pick up and learn lessons from the findings.

8.4 Members saw a presentation breaking down the survey results by different categories. The Board welcomed the apparent improvements despite starting from a low base. In discussion, the following comments were made:

- Work required to find out what was preventing visibility and openness of the management team
- Explore opportunity to increase staff involvement via Engagement Champions Network in Phase 2 restructuring to mitigate and fix issues identified in the survey
- Greater benchmarking against the Civil Service benchmark to understand where the individual elements of the survey sit comparatively
- To increase understanding on what lies behind the scores on discrimination and the differences in Directorate scores
- To breakdown the data by location (London/Manchester)

8.5 Following further discussion, it was pointed out that some measures were not directly comparable to the Civil Service and caveats would be put in place to reflect this. In addition PHSO would:

- Publish the results by the end of November on the PHSO website with the information benchmarked to ensure level of publication was appropriate
- Manage dialogue with the PACAC.

8.6 The Board **noted** the paper.

**Action: The Executive Director of External Affairs and Strategy to breakdown data by location and publish results by the end of November on the PHSO website.**

## **9. 2016/17 Financial Position as at 31 August 2016 (Period 5)**

9.1 The Board received a report on the 2016/17 Financial Position as at 31 August 2016 from the Executive Director of Finance and Governance to note the current underspend and to consider the latest position of the Parliamentary supply control totals.

9.2 It was noted that:

- There were more savings in the pipeline than forecast
- The forecast positions including contingencies were prudent.

9.3 The Board **noted** the report.

## **10. Our Approach to Equality and Diversity**

10.1 The Board received a paper on the PHSO's approach to Equality and Diversity from the Director HR, Talent & People.

10.2 A strategic framework to drive forward Equality, Diversity and Inclusion had been agreed in 2011 to run through to 2015. A declaration of being accessible, inclusive, responsive and fair in all of PHSO's work had been made but actions were not progressed. This was an opportunity to reinvigorate the agenda.

10.3 The framework would incorporate clear measures for monitoring progress against agreed outcomes with an Annual Plan outlining key activities.

10.4 Following discussion, Members made the following comments:

- i. Ensure that this became part of core business
- ii. Need to ensure vulnerable had access to our service
- iii. Need to train staff on dealing with people with mental health problems, grief, trauma etc.



- iv. Future surveys to look at treatment of minority staff, staff on maternity and disabled staff
- v. Executive team to consider revisiting the PHSO's Unreasonable Behaviour Policy.

10.5 The Board **noted** the report.

**Action: (a) The Director HR, Talent and People to produce and Equality and Diversity plan alongside and included within the 2017/18 Business Plan.**  
**(b) The Director HR, Talent & People to revisit the PHSO's Unreasonable Behaviour Policy.**

## 11. Governance Diagnostic and Action Plan

11.1 The Board received a report on Governance from the Executive Director of Finance and Governance. The purpose was to confirm actions identified and to agree circulation of a full action plan at its November 2016 meeting.

11.2 The Board welcomed the commitment of the Executive team to improve governance but raised concern that the recommendations from the governance diagnostic had not progressed into an Action Plan. While the diagnostic recognised that work needed to be done and respective timelines put in place, it did not set out how the work would be done.

11.3 In discussion, Members pointed to the need for the organisation to adopt a culture of compliance. Points of note included:

- SRO's providing a compliance report (half yearly or annually) on governance issues in their area of responsibilities. This would be held as evidence for Internal Audit and report assurance into ARAC to form part of the Annual Governance Statement
- Recognition of the amount of work to be done, hence focusing on capacity and resources
- As part of Governance, ensure minutes from all Board and Committees have oversight from the Executive before circulation
- Need for change in culture to reflect the need for compliance with decisions made and governance processes
- The Executive to provide a detailed action plan to the Board at its next meeting in November.

11.4 In response the CEO noted that there had been insufficient assurance to the Board with no consequences for non-compliance. This would change with a change in culture and compliance processes whose output would feed into an Assurance Statement.

11.5 The Board **noted** the report and **agreed** for an action plan to come to its next meeting.

**Action: The Executive Director of Finance and Governance to provide an Action Plan at the next Board meeting in November and an outline for a compliance process whose output would feed into an Assurance Statement.**

## **12. Report: Audit Committee**

12.1 The Board received the Audit Committee Annual Report 2015/16 for note and a revised Terms of Reference for endorsement by the Board.

12.2 Minor inconsistencies and typographical errors had been identified in the Terms of Reference for the Committee agreed by the Board at its meeting on 26 July 2016.

12.3 The Chair of the Audit and Risk Assessment Committee gave an oral update and asked the Board to note that:

- The PHSO Annual Accounts had been approved following a technical session that had been held with the Executives
- The meeting held on 29 September had considered and covered Matters Arising which included progress made on Financial Recommendations and the Audit Completion Report
- The NAO had commended PHSO citing a significant improvement in the Accounts. These were waiting to be certified by the Auditor and Comptroller General
- The Governance Statement had been reviewed and signed-off by the Accounting Officer
- Outstanding Audit, Risk and Assurance items had been causing congestion hence there was need to discuss how to clear through future meetings and the forward programme to clear some items by correspondence
- The Quality Committee would review some Audit papers before coming to the Audit and Risk and Assurance Committee who would continue with responsibility for receipt and any actions

12.4 In brief discussion, the Board requested;

- i. The minutes from the meeting held on 29 September be circulated as soon as possible
- ii. The version of the Annual Report and Accounts that had been submitted to NAO is circulated to Board Members.
- iii. A ranking of priorities of outstanding actions to get a sense of those that needed immediate attention.

12.5 The Board;

- i. **Noted** the oral update
- ii. **Endorsed** the amended Terms of Reference.

**Clerk's note: confirmation was received on 25 October that the Annual Accounts had been signed by the Comptroller and Auditor General.**

**Action: Board and Committee Clerk to circulate the Annual Report and Accounts and ensure submission of outstanding minutes to the November Board meeting.**

### **13. Report: Quality Committee**

13.1 The Board received the minutes of the Committee meeting held on 21 September 2016 for note. They were accurate in content but were being revised for format and consulting with other Committee Members.

13.2 In brief, the Chair of the Committee reported that:

- There needed to be clarity on the Service Charter Dashboard and quality elements that would go before the Board
- There needed to be consistent use of terminology
- The Committee needed to have confidence about information coming to it and from it to the Board.

13.3 The Quality Committee Chair provided an overview of the Committee's Forward Programme.

13.4 The Board **noted** the update.

### **14. Communication to Staff**

14.1 The Executive Director of External Affairs and Strategy set out the proposed communication to staff following the Board meeting. Messages would include:

- Business Plan - priorities for 2017/18
- Positive developments on the Fusion TOM
- Reduction to the budget following the Spending Review
- Responses to the Staff Survey
- Governance - a culture of compliance and assurance

### **15. Review of the Meeting**

15.1 The Chair opened the floor to observers and members to express their views on how the meeting had gone.

15.2 The CEO made a commitment that any changes the organisation was undergoing, there would be assurance that the Board would engage staff. Observers made the following comments:

- i. The organisation cared passionately about its work
- ii. The TOM was exciting and represented a cultural shift from an organisation that was intellectually based to customer focused

- iii. Staff engagement in the decision making process in adopting TOM had been impressive
- iv. It was encouraging to note that there was critical challenge at Board level thus ensuring robust decisions were made

15.3 Board Members noted that:

- i. Discussions were more focussed
- ii. The risk session on non-tolerance had been very good as it formed part of the Board's core work. It was helpful to critically challenge the Executive and work together at the same time (shared priorities and good dynamics)
- iii. Were happy with the concise papers but needed comprehensive performance information
- iv. Support and administration of the papers could be improved, i.e. paper substitution and missing minutes.

15.4 The Board Chair expressed her grateful thanks for the work that had been put into producing papers for the workshop at short notice.

**16. Board Forward Programme**

16.1 This was noted by the Board as was the further work to be done.

**17. Any other Business**

17.1 None.

**18. Date and Location of Next Meeting**

18.1 The following was noted:

- Monday 28 and Tuesday 29 November 2016, London
- Monday 30 and Tuesday 31 January 2017 - Board effectiveness and Q3 meeting, London

The meeting ended.

**PHSO Board Matters Arising Table - Outstanding Items (as @ 25/10/16)**

Meeting	Min. Ref.	Action	Deadline Date	Owner	Action Taken
26 January 2016	11.2	<b>ACTION 10</b> The Q4 Corporate performance report will include targets that have been	End December 2016	Gill Kilpatrick	In progress.

Meeting	Min. Ref.	Action	Deadline Date	Owner	Action Taken
		benchmarked against other Ombudsman services.			
9-10 March 2016	3.4	<b>ACTION 2</b> The Remunerations and Nominations committee will consider the PHSO policy towards benefits at their meeting in May 2016.	6 March 2017	Sarah Wilde	<b>In progress.</b> Item has been added to next RemCo meeting agenda.
9-10 March 2016	6.2	<b>ACTION 4</b> The Director of HR, People and Talent will research how to integrate the new HR system with the LGO and report back to the Board for agreement via correspondence.	Ongoing	Sarah Wilde	<b>In progress.</b> HR Director in communication with LGO, new business case will be drafted by 29 April 2016. Talks have taken place between HR and IT; business case to be finalised.
26 April 2016	7.2	<b>ACTION 7</b> The Executive Director of Operations and Investigations to take appropriate action to soft launch the Service Charter in June 2016 and report of performance against commitments at the end of Q3 2016-17.	30 June 2016 (soft launch) 31 December 2016 (publish data)	Rebecca Marsh	<b>In progress.</b> Service Charter launched internally as planned and on track for reporting against the SC in Q3 as planned.
26 July 2016	6	Internal Communications and Engagement - staff event content & best use of NEDs (not including delivery of Exec messages)	ongoing	Alex Robertson	Being worked on in response to staff survey feedback
26 July 2016	7	Overview of Q1 Performance -To reflect the specific comments in Q2		Gill Kilpatrick	<b>Completed overview report designed</b>

Meeting	Min. Ref.	Action	Deadline Date	Owner	Action Taken
26 July 2016	9	To reflect the specific comments in the Finance Code prior to consideration by the Audit Committee		Gill Kilpatrick	completed
26 July 2016	10	i) NEDs invited to the technical meeting of the Audit Committee (2016/16 Annual Report and Accounts) ii) Revisions to reflect the specific comments		Gill Kilpatrick	completed
26 July 2016	15	Reflect Business Plan in Forward Plan, include next year and Extra Ordinary meeting for Annual Report and Accounts sign off	Ongoing mid Nov deadline	Gill Kilpatrick	completed
29 Sept 2016		<b>Annual Report and Accounts:</b> Finalisation of forewords/statements from the Chair and the CEO. These should then go to the Board by circulation	ASAP	Julie Mellor, Amanda Campbell	completed
29 Sept 2016		<b>Annual Report and Accounts:</b> Re-assemble Governance Statement, taking into account comments from ARAC and the Board	ASAP	Julie Mellor, Amanda Campbell, Gill Kilpatrick	completed
29 Sept 2016		<b>Annual Report and Accounts:</b> To consider the impact of the information from Corporate Performance Report on its materiality in the Governance Statement and report	ASAP	Julie Mellor, Gill Kilpatrick, Rebecca Marsh	completed

Meeting	Min. Ref.	Action	Deadline Date	Owner	Action Taken
		to ARAC. The Ombudsman to make the final decision on inclusion.			
29 Sept 2016		<b>Annual Report and Accounts:</b> To sense check all the figures in the Report to ensure consistency with numbers	ASAP	Alex Robertson	completed
25 Oct 2016	3, 12	<b>Minutes and Matters Arising:</b> To ensure outstanding minutes go to the November Board	28 Nov 2016	Patrick Makoni	In progress
25 Oct 2016	6	<b>Future Operating Model for Operational Delivery Options Appraisal:</b> Update on implementation of TOM	28 Nov 2016	Rebecca Marsh	In progress
25 Oct 2016	8	<b>Internal Communications and Engagement Update:</b> to breakdown data by location and publish results by the end of November on the PHSO website.	28 Nov 2016	Alex Robertson	In progress
25 Oct 2016	10	Our Approach to Equality and Diversity: the Director HR, Talent & People to progress objectives and desired outcomes on the approach to Equality and Diversity as agreed in the 2011 strategic framework and to revisit the PHSO's Unreasonable Behaviour Policy.	Ongoing	Sarah Wilde	In progress
25 Oct 2016	11	<b>Governance Diagnostic and Action Plan:</b> To provide a full action plan	28 Nov 2016	Gill Kilpatrick	In progress

Meeting	Min. Ref.	Action	Deadline Date	Owner	Action Taken
25 Oct 2016	12	<b>Report: Audit Committee:</b> To circulate the Annual Report and Accounts Version that went to NAO	ASAP	<b>Patrick Makoni</b>	<b>Completed</b>