

**MINUTES OF THE PHSO UNITARY BOARD MEETING**

**TUESDAY, 29 JANUARY 2013**

15<sup>th</sup> floor, Millbank Tower

10am-4.00pm

**EXECUTIVE CHAIR:**

Dame Julie Mellor DBE, the Ombudsman

**EXECUTIVE MEMBERS:**

Helen Hughes, Chief Operating Officer

Claire Forbes, Director of Communications

Gwen Harrison, Interim Director of Operations (*apologies for absence given*)

Gavin McBurnie, Interim Director of Operations (Business Development)

Angela Paradise, Interim Divisional Director of Corporate Resources

**NON-EXECUTIVE MEMBERS:**

Peter Freedman

Sharmila Nebhrajani

Sir Jon Shortridge KCB

Helen Walley

Dr Tony Wright

**IN ATTENDANCE:**

Steve Brown, Head of Executive Office and Governance

Joy Higgins, Executive Assistant to the Ombudsman (minutes)

Graham Payne, Director of Finance, Planning and Performance

**1. Board Pre-meeting on 28 January 2013**

1.1 The Chair summarised the pre-meeting the previous day for the benefit of those who were not present. The Board had reviewed the journey to developing the new Strategy for 2013-18: where we started; the *Refresh* project research; and the development of the new strategic aims. The Board reviewed the high-level operating model, which described how we need to work differently across the complaints system in order to deliver more impact for more people, and developed it further to better reflect the new emphasis on using the insight from complaints to influence bodies in jurisdiction to improve public services.

**2 Minutes, matters arising and action points of the previous meetings**

2.1 The minutes of the former Executive Board meeting on 11 December 2012, and the minutes of the Unitary Board meeting on 10 January 2013 were approved as an accurate record.

2.2 The minutes of the former Advisory Board on 5 November 2012 were agreed subject to a minor amendment.

2.3 Progress against the action points was noted.

### **3. Report from the Chief Operating Officer to the Board**

3.1 The Board welcomed the report which provided an update on key developments, both internal and external, framed in the context of the five strategic aims.

3.2 The Board noted the content of the report and discussed the request by HM Treasury for the Office to volunteer resource savings in 2013-14 and beyond. A meeting would be held the following day to consider our response to the request.

3.3 The Board noted that a themed report from our health casework would be published before the next Board meeting and highlighted the need for non-executive members to have early sight of strategic casework issues.

3.4 Members welcomed the report and found the structure, by aim, helpful.

### **4. The Strategic Plan: The Five-Year Plan**

4.1 Helen Hughes introduced the paper which provided a brief overview of the Strategic Plan roadmap and an outline of the timing and pace of delivery of the Plan over the next five years. Two further, more detailed documents would be developed, one for internal audiences and one for external audiences.

4.2 The Board discussed the roadmap, priorities, next steps and risks, and gave broad agreement to the content. The Board stressed that the two Plan documents would need to clearly articulate the benefits of the new Strategy, and that ensuring staff buy-in was critical.

4.3 The areas where the Board felt it could add most value were: behaviour and culture change; engaging external stakeholders; technology; developing a measurement framework; and making an impact through our strategic casework. The possibility of workshops for non-executive members to provide input would be considered.

4.4 The Board highlighted the need to maintain and improve performance of the core business whilst at the same time delivering the Business Transformation Programme ('the Programme'). Key performance indicators would need to be developed, monitored and reported to the Board. The challenge for the executive members would be to keep the non-executive members up to speed with developments. The Board suggested the executive think about how we could identify if things were going wrong and how the Board could input given its timetable of meetings.

- 4.5 The Board discussed the risks associated with the Programme and added the following: the consequences of losing experienced staff, including the loss of corporate memory; process and performance failure; technology failure; culture and staff buy-in; and, budget pressures. It was agreed that a 'horizon scanning' workstream would be added to the Programme to ensure that the constantly-changing external environment was factored in to all decisions.
- 4.6 The Board felt that the quick pace of the Programme would keep staff engaged and stressed the importance of implementing any 'quick wins' as soon as possible.
- 4.7 The Strategic Plan documents would be submitted to the Board on 19 March 2013 for information and comment.

## **5. The Strategic Plan: Investment and Savings Case**

- 5.1 Graham Payne introduced the paper which set out the investment and savings case being developed as part of the Strategic Plan. He informed the Board that the draft operating model, demand model and structural model developed by PA Consulting fed into the savings and investment case.
- 5.2 The Board discussed the investment and savings case in detail and questioned the projected savings and plans in place to mitigate the shortfall of investment funds in 2013-14. The Board requested:
- further scenario-planning taking account of external factors, including budget reductions and increased volume of complaints
  - detailed plans, that had been risk- and lag-adjusted, to inform decisions
  - that strategic budget parameters be developed
  - that business cases for every major investment be submitted to the Board for approval
  - that there be a strong focus on benefits realisation.

## **6. Minutes of the Audit Committee on 10 January 2013**

- 6.1 The Board noted the minutes of the Audit Committee.

## **7. Verbal Update from the Chair of the Audit Committee**

- 7.1 Sir Jon Shortridge informed the Board that the Audit Committee had thoroughly considered the *Future Corporate Governance Arrangements* paper at its meeting on 10 January 2013, endorsed it and commended it to the Board.

## 8. Future PHSO Corporate Governance Arrangements

- 8.1 The Board reviewed the paper which set out proposals for revised corporate governance at the leadership level of the Office and outlined the issues in relation to casework governance and assurance.
- 8.2 It was noted that the proposals had been endorsed by the Audit Committee at its meeting on 10 January 2013 and the Board considered the suggestions made by the Committee.
- 8.3 The Board agreed the terms of reference for the Board and the Leadership Team. Some of the remaining governance questions would be considered at the March or April meeting.

## 9. 2013-14 Business Planning

- 9.1 The paper proposed fourteen priority business objectives for 2013-14, incorporating core business and the Business Transformation Programme, and detailed the next stages of the business planning process.
- 9.2 The Board reviewed the proposed priority business objectives and discussed the information they required to enable them to sign off the 2013-14 Business Plan at the March Board meeting.
- 9.3 The Board:
  - confirmed that the fourteen objectives were broadly right but stressed that the strategic aims and objectives were too inwardly focused, particularly aim 3
  - felt that the timetable was challenging and executives needed to be confident in the quality of the thinking that was supporting the proposals
  - requested that the objectives be RAG (red, amber, green)-rated and that the relative allocation of resources be identified
  - requested that the measurement framework for the core business and the business transformation be developed and a reporting structure established
  - suggested identifying strategic risks for the year - asking that thought be given to what could go wrong and how we would know if it had.

## 10. 2012-13 Quarter 3 Corporate Performance Reports

10.1 Graham Payne introduced the suite of performance reports, noting that the format of reports would be updated at the start of the financial year.

Sir Jon Shortridge undertook to feed into the new report format.

*2012-13 Quarter 3 Corporate Performance Assessment*

10.2 The Board reviewed the RAG-rating of core business standards and targets, and noted that we expected to meet five out of six customer service standards by 31 March 2013 (the anticipated closure of 'old cases' (cases taking over 12 months to complete) would have a negative impact on investigation throughput time). The Board noted that the rating for 'casework quality' should have been green not amber.

10.3 A rise in staff turnover and sickness absence during the quarter was being monitored. It was noted that the rise was not amongst caseworkers.

*2012-13 Budget Allocations: 9-month Budget Review*

10.4 The Board noted a correction to the non-cash central reserve in Annex A to the report. As at 31 December 2012, other than additional spending on consultants to support the business transformation by providing business design expertise, and more maternity pay/leavers than expected, most budgets were broadly on track, with a forecast net underspend on resource budgets of c£100k. The Board requested a breakdown of consultancy expenditure over the last five years and contractual commitments for 2013-14.

10.5 The Board agreed the adjustment to/reallocation of resources identified by the review, noting they would result in a net resource forecast underspend of £180k, which would be lost (handed back to HM Treasury) at 31 March 2013. The Board further noted that £260k allocated for costs associated with the Business Transformation Programme would be lost if not spent before 31 March. Expenditure would be brought forward into the current financial year where possible.

*2012-13 Quarter 3 Key Corporate Strategic Risks*

10.6 A summary of the top five areas of corporate strategic risk accompanied the detailed quarterly strategic risk report. The top five areas were:

- Business Transformation Programme
- Corporate governance and leadership
- Workforce (including equality and diversity facets)
- Reputation
- Information security.

- 10.7 The Board noted some points of clarification around the risks relating to 'reputation' that had been given an 'amber' rating.
- 10.8 The Board reviewed the overall positioning of risk and suggested some amendments to the risk tolerances for 'customer and user satisfaction' and the Strategy Development Programme (which had been overtaken by the Business Transformation Programme).
- 10.9 The Ombudsman shared details of the approach to risk taken by the Public Chairs' Forum. It was agreed that a further discussion on what was meant by strategic risk was required.

## **11. Complaints Delivery Process Model**

- 11.1 Gavin McBurnie introduced the paper which provided an overview of thinking to date on the future complaints delivery process model and how those changes would help us meet our strategic aims and objectives.
- 11.2 The future model aimed to: increase the volume of complaints we can deal with (at no extra, or reduced, cost); be more customer focused; allow earlier resolution of complaints whilst spotting system trends; enable us to engage with and influence service providers to improve services as a core part of the complaints handling process.
- 11.3 The future model would be designed, piloted and implemented over the next 18 months. Some changes to the way we manage our cases would be able to come into effect from the start of the 2013-14 financial year and were being developed under the 'moving the needle' project.
- 11.4 The Board reviewed the future model, confirmed it was going in the right direction and suggested that the objectives include minimising the number of ineligible complaints.

## **12. Implications for the way the Board operates**

- 12.1 This item was deferred.

## **13. Minutes and matters arising of the confidential session of the previous meeting**

- 13.1 Please refer to the minutes of the confidential session.

## **14. Draft Structure for Senior Management, External Affairs and Executive Support**

- 14.1 Please refer to the minutes of the confidential session.