



PHSO BOARD OPEN SESSION MEETING

31 January 2017

Minutes

MINUTES OF PHSO BOARD OPEN SESSION MEETING

31 January 2017

CHAIR:

Dame Julie Mellor DBE, the Ombudsman

NON-EXECUTIVE MEMBERS:

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

EXECUTIVE MEMBERS:

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

APOLOGIES:

None

IN ATTENDANCE:

Adam Hawksbee, Chief of Staff
Helen Holmes, Legal Director
Sarah Wilde, Human Resources Director
Patrick Makoni, Board and Committee Clerk (minutes)
Sarah Wilcox (for item 8 only)
Allison Howe (Observer)
James Hand (Observer)
Truda Scriven (Observer)
Kevin Bennet (Observer)

1. Chair's Introduction and Welcome

1.1 The Chair welcomed members present and outlined the agenda.

2. Declarations of Interest

2.1 None

3. Minutes and Matters Arising

3.1 The Board approved the minutes from previous meetings held on 26 July 2016, 29 September 2016 and 25 October 2016.

3.2 There were updates on Matters Arising:

- The Executive Director of Finance and Governance would submit to the Board the Business Case for an HR stand-alone system and a Specialist Project Manager at the March Board;
- The Executive Director of Finance and Governance would circulate a note on NED expenses;
- The Executive Director of Finance and Governance would circulate a note on Meridio and the financial savings;
- The Board requested a deadline date on the Action at Minute 10 from the meeting held 25 October 2016 on “Our Approach to Equality and Diversity”.

3.3 The Chair asked that the minutes be sense checked by the External Affairs Directorate prior to circulation at the next meeting.

4. Chair’s Report to the Board

4.1 The Board received a report from the Chair for information.

4.2 The recruitment for the Chair and Ombudsman of the PHSO had been managed by Parliament. The post had been openly advertised and the preferred candidate, Rob Behrens had attended a pre-appointment scrutiny hearing with PACAC on 18 January 2017.

4.3 Rob Behrens, who was the Independent Adjudicator for Higher Education had been appointed and would formally take up the post on 6 April 2017.

4.4 The Annual Scrutiny Hearing for 2016 had taken place on 12 December with the Chair and the Chief Executive Officer (CEO) giving evidence in front of PACAC. Scott Morrish and two members of the pressure group “PHSOthefacts” had been invited by PACAC to provide evidence on their experience of PHSO service.

4.5 The Chair and the CEO had successfully emphasized that PHSO was making good progress against its strategy. Also, having a full Executive Team in place would now enable real progress in providing clear and coherent leadership of the organisation.

4.6 PHSO is codifying its relationship with PACAC for both scrutiny of PHSO by the Committee and the support we provide to the Committee in holding government to account for learning from complaints. The scrutiny arrangements can then be made available to the Public Accounts Commission when legislation passes responsibility for this activity from PACAC to the Commission.

- 4.7 PACAC would be receiving written evidence from occupational health experts prior to producing its report on DVLA failure to implement two of the recommendations in our report "Driven to Despair". We had identified failures in decision making, delays and lack of transparency by the Drivers Medical Group within DVLA.
- 4.8 Government had published its response to the consultation on midwifery regulation and fitness to practise process on 11 January 2017. Our recommendations from December 2013 to change how midwives were supervised and regulated were proposed in legislative reforms.
- 4.9 The Board noted the report.

5. Chief Executive's Report to the Board

- 5.1 The Board received a report from the CEO for information.
- 5.2 The CEO recognised that the meeting was a key milestone for the Executive Team to set out for the Board high level plans to meet future demand with high quality output at a reduced cost.
- 5.3 Progress on transformation planning and how it would inform the proposed Business Plan for 2017/18 would be laid out. The Board would also be appraised on PHSO's performance year to date, both operationally and financially. There would also be discussions on the risks associated with the performance plus the mitigations in place to assure the Board and provide confidence for future delivery. In addition, the Board would be appraised on progress on governance. It was noted that during the quarter, operational teams had faced a huge challenge with the implementation of Microsoft Dynamics, and despite this, performance had increased. A number of old cases had been progressed, causing a bulge in the queue. Following discussion by the Board it was agreed that an explanation about old case progression would be developed alongside the performance table.
- 5.4 During the course of the meeting, the Board would be asked to endorse high level success measures and deliverables for the 2017/18 plan that could be developed in the full Business Plan for agreement at its meeting in March 2017. The arrival of the new Ombudsman would require a flexible approach that would ensure the PHSO could respond to change if required.
- 5.5 The Reshaping of the Organisation would take place over three stages. The first stage had completed the restructure and reduction of the senior team. The second stage, which was key, would create a fully restructured organisation that was efficient and effective in delivery of operational delivery and support services. Engagement with staff would take place throughout the next stages.
- 5.6 The third stage would examine all aspects of how the organisation would work to challenge efficiency and productivity. This would entail the introduction of a learning and development offer to equip staff with skills and

competencies required to perform highly in their roles. Detailed plans that would deliver the remaining CSR savings would be presented to the Board following completion of the phase 2 restructuring.

- 5.7 Following publication of the Ombudsman reform Bill, the PHSO had agreed with the Local Government Ombudsman (LGO) to focus on a comprehensive joint response to the legislation. The LGO and the PHSO would refrain from further convergence work and not commit further resources and plans. However, the issue would need to be pushed forward with the Director of External Affairs and Insight taking the lead for the PHSO. The draft joint response would be shared with the Board.
- 5.8 The focus of proposed organizational effort for 2017/18 is on Aims 2 (service) - and 5 (organisation). Objectives are proposed for the others Aims which will require less organizational and leadership effort.
- 5.9 The Board discussed the agreement reached by the Executive and Chair of Audit and Risk Assurance Committee (ARAC), with the National Audit Office (NAO), to publish our Annual Report and Accounts prior to recess. While it was accepted we should aim to publish to this timetable as part of good governance there was considerable reservation expressed about how practical this was for PHSO at this stage of its development. The Chair, as Accounting Officer, on balance accepted the plan. It was agreed that the new Ombudsman would be taken through the decision and plan to lay the Annual Report and Accounts prior to recess.
- 5.10 The Board noted the report.

ACTION: The Executive Director of Operations and Investigations would provide an explanation of old case progression alongside the performance table.

ACTION: The Executive Director of External Affairs and Insight to take forward convergence talks with the LGO on Ombudsman reform.

ACTION: The Executive Director of External Affairs and Insight and the Executive Director of Finance and Governance to take the new Ombudsman through the decision and plan to lay the Annual Report and Accounts prior to recess.

PERFORMANCE AND RISK

6. Overview of Corporate Performance Quarter 3 Board Commentary

6.1 The overview was introduced by the Executive Director, Finance and Governance. The Board:

- congratulated staff and the Executive Team for operational performance during MSD implementation;

- requested more comprehensive operational performance information to enable Board assessment of performance over time, RAG ratings on key operational performance measures as up and down arrows can be good or bad depending on the measure;
- Requested in year targets in future reflect the forecast flight path established at the beginning of the year, in particular it must be clear that in hand and unallocated expectations/targets this year will reduce month by month but still be a considerable number at year end. The figures in the paper at present are strategic KPI levels for success over the strategic plan period not in year targets;
- agreed no changes to targets in year or for year-end without strict change controls including Board approval;
- Requested changes in the language used to confirm that this data is about operational targets not service standards. The latter are different and are given on our website for people who use the service and to each person when an investigation plan is explained.

Annex A - 2016/17 Business Plan Review

6.2 The Board received the 2016/17 Business Plan Review. It set out the progress against success measures of the business plan from aims 1 through to 5.

6.3 The Board noted the progress report.

Annex B - Service Charter Dashboard

6.4 The Board received the first feedback on performance against the new quality framework encapsulated in the Service Charter. The report covered the first three months of data collected.

6.5 The Board:

- congratulated staff on meeting the timetable set for changing the customer survey and quality assurance process to reflect the service charter and reporting to the Board;
- noted the areas of priority for improvement: communications, assessment closure including consideration of mediation, clarity on evaluation of evidence and rationale for decision;
- requested comparative data on customer satisfaction with other public and private ombudsman services;
- looked forward to seeing the action plan and progress on implementation in future;
- asked for careful thought on how to communicate performance against the charter externally including giving context to the performance data and explaining performance and changes over time;
- expressed some concern about factual inaccuracies;
- Noted that a review of the issues raised by the recent Patient's Association will be going to the Quality Committee and will be sent to all Board members for information.

2016/17 Financial Position as at 30 November 2016 (Period 8)

6.6 The Board received the 2016/17 financial position report as at 30 November 2016 (period 8).

6.7 The Board was asked to **note**:

- a) An underspend of £324k on the forecast end of year position against the resource budget;
- b) The forecast end of year position against the capital programme of £192k
- c) The action being taken to ensure the PHSO invests its resources to support delivery of its service and delivers a position nearer to in balance by year end.

6.8 There was risk that the under spend would increase due to a small number of financially significant legal claims whose outcome was uncertain. While it was prudent to make provision for these costs, a number of potential investments were being put forward by the Executive Team. These included:

- Procurement of professional HR support to assist delivery of phase 2 consultation;
- External support to develop a project management discipline within the organisation and train staff;
- Back filling of key operational staff to be dedicated to the Target Operating Model;
- Getting a full capital allocation for Microsoft Dynamics (MSD);
- Developing a capital plan linked to a technology and digital strategy.

6.9 The Board requested the reintroduction of financial management information on budget covering budget, forecast, variance and any proposed changes for approval.

6.10 The Board **noted** the report.

Strategic Risk Report and Register

6.11 The Board received the report on risk management. The Board:

- **accepted the areas of risk identified by the Executive as at great risk of crystallization and the mitigation in place;**
- **noted it was unable to consider if other areas for high risk might should be identified in the absence of a full register;**
- **noted this should be rectified in March with proposals coming forward for approval on our strategic risk framework including a strategic risk register based risk to achieving our strategic aims, a process for risk management and reporting, the links from operational to strategic risks and incorporate business essential expectations and levels of**

performance requiring Executive or Board intervention (non-tolerance levels);

- noted the March board would also receive for approval a full risk register for the business year which would incorporate directorate and corporate operational risks and mitigation which reflect the main causal risks to achieving our strategic aims;
- Asked that delivery of our Annual Report and Accounts be added to the red rated risks.

Internal Communications and Engagement Update

- 6.12 The Board received the Internal Communications and Engagement update to note progress, next steps and plans for upcoming internal communications and engagement activities.
- 6.13 High level results of the 2016 staff survey had been shared with all staff within three weeks of the survey closing. Each Executive Director had led conversations on the more detailed, directorate level results with their own teams.
- 6.14 More than 150 colleagues had attended staff talks where representatives from ORS (a research agency) offered organisation-wide results with impartial analysis.
- 6.15 Feedback was sought from the Trade Unions and the Engagement Champions Network (ECN) to agree priority areas for action. This was communicated to staff in a joint email.
- 6.16 The weekly “latest from the Executive Team” has seen an addition of a new weekly communication from the CEO to all staff. Both were being well received.
- 6.17 There would be an “All Staff Event” on 22 February in Manchester with staff across all sites invited to attend. The awards would recognise the hard work and achievement of staff and offer a platform to discuss collectively how to tackle challenges ahead.
- 6.18 The Executive Team was looking at ways of increasing the visibility of Non-Executive members within the organisation. Board members had been invited to the staff event. There were also opportunities to have interviews and talks about their careers as Non-Executives. The Executive was happy to invite volunteers. Dr Julia Tabreham volunteered to get involved on Non-Executive engagement.
- 6.19 The Board noted the update.

Insight Report - Measuring the impact of our insight work (Q1 - Q3)

- 6.20 The Board received a report on Measuring the impact of our Insight work (Q1 - Q3) to note progress to date and the assessments.
- 6.21 The PHSO had produced a number of reports that identified systemic issues from our casework and actions that needed to be taken in response by Government departments or those that could effect change. Work was now being done on Sepsis following the PHSO's "Time to act report" and the change to midwifery regulations, following another report on the issue.
- 6.22 Further work was being done to develop the approach to objective setting and measurement for this work outlined in our strategic plan KPIs.
- 6.23 The approach to measuring impact had been changed and a new "Strategy Group" chaired by the Executive Director External Affairs and Insight with staff from the operations directorate was now meeting regularly to take forward and oversee the work.
- 6.24 Three reports had been published from Q1 to Q3. These were:
- Unsafe discharge (Q1)
 - Learning from mistakes (Q2)
 - Driven to despair (Q3)
- 6.25 All three reports had generated significant media coverage with PACAC supporting PHSO recommendations. The Q1 and Q2 reports had wider impact with the Department of Transport unlikely to respond positively to our Q3 report.
- 6.26 The Board noted the report.

7. STRATEGY AND PLANNING

Draft Business Plan and Budget 2017/18 - Overview Report

- 7.1 The Board received the draft business plan: objectives, success measures and deliverables for comment and approval. It approved the plans in principle, endorsing the focus of effort on Aims 2 and 5 and more limited objectives on the other strategic aims. Members were asked to provide any detailed comments to the Head of Business Planning and Performance by 10 February. The full plan, including delivery plans would be brought to the March Board meeting for approval.

ACTION: The Interim Head of Business Planning and Performance to circulate the Draft Business Plan to the Board for their comments due by 10 February 2017.

Annex 2 - Target Operating Model

7.2 The Board received the report on the proposed TOM. The Executive Director Operations and Investigations reminded the Board of the service improvement and cost saving objectives and explained the proposals were based on the following assumptions:

7.3 The Board determined that the criteria for successful implementation were as follows:

- sufficient resources for maintenance of quality;
- sufficient resources to manage transition including quality expertise and work flow management and resource enabling release of staff for training
- staff feel engaged in the process;
- supervisory staff would be able to and would carry out effective supervision including coaching and focus on substantive quality not just mechanistic checking of process fulfilment - this may require upfront investment in training and development and coaching of managers on what supervision now means at PHSO;
- Staff would receive training to meet service charter standards.

7.4 The Board received further information from the Executive about how these criteria would be met during implementation. On the basis of verbal information received the Board approved the proposals for consultation.

ACTION: The Programme Board to commence consultations on implementation of the TOM at the earliest opportunity. The consultation documents would be circulated to the Board.

Annex 3 - Corporate Services Review

7.5 The Board received the Corporate Service Review report setting out the proposed future service and savings to be delivered by the new Corporate Services Directorate for note.

7.6 The Directorate would have two distinct areas of focus within its reduced resource envelope:

- Building and developing an efficient service working towards excellence;
- Focus on supporting the delivery of the Strategic Plan and objectives.

7.7 The Directorate review had focussed on reducing non-pay costs and staff costs by identifying opportunities to improve ways of working, delivering more work with less people. Corporate Services Staff would be in Manchester with the Legal and Governance staff potentially remaining in London.

7.8 Two reductions to service levels were proposed:

- a) A reduction in the scale and cost of the internal audit plan on retendering in 2018/19. This would deliver a risk based audit proportionate to the size of the PHSO;

- b) Removal of the maintenance contingency from the annual maintenance budget.

7.9 There would also be four investments proposed:

- a) A new HR and payroll system;
- b) Investment in Learning and Development;
- c) Investment in the governance service to create a team that with professional governance skills;
- d) Investment in a programme management office to manage the implementation of the reshaping programme.

7.10 The Executive Office FTE would be reduced from 8 FTE TO 4.5 FTE. Overall savings were projected at £1158k by 2019/20.

7.11 The Board **noted** the report.

Annex 4 - External Affairs and Insight Review

7.12 The Board received the report on External Affairs and Insight Review for **note**.

7.13 The department had made a number of savings in 2016/17 which included the reduction in the size of the senior structure. A more flexible structure that helped staff to move quickly between projects as priorities changed as opposed to focussing on one specialist area had been introduced. Total savings to 2019/20 were projected at £849k.

7.14 Insight would also be gained from peers in the public sector to share PHSO's work and learn from their work as well. The approach would bring a range of benefits.

7.15 The flexible structure would also allow savings to be made by reducing headcount further. Business support had been taken out of the department to ensure efficient use of resources in a central pool of administrative staff.

7.16 New ways of working were being developed as part of the Business Plan for 2017/18 and would focus primarily on supporting the implementation of the Target Operating Model.

7.17 Activities that were earmarked for change and being reduced significantly were:

- Producing less insight and systemic reports;
- Reduction in the number of external surveys;
- Reviewing the publication of case reviews to produce similar reports in a less labour intensive way.

7.18 The Board **noted** the report.

Annex 5 - Accommodation

- 7.19 The Board received the report on Future Accommodation Requirements to **note development of proposals.**
- 7.20 The Target Operating Model was predicated on operational staff being in one location. Due to cost differentials in accommodation between London and Manchester, future operations of the organisation would be based in Manchester with a smaller London presence near Westminster.
- 7.21 The subletting of the 24th floor in Millbank had delivered accommodation savings of £0.5m in 2016/17. A further £0.6m was projected in 2017/18 by the subletting of the 19th floor. Focussing activity in Manchester would deliver forecast savings of £1.8m.
- 7.22 The required Manchester accommodation footprint was in excess of capacity of the Exchange hence temporary accommodation would still be required at King Street from 1 April 2017. A £170k had been incorporated in budget proposal to cater for this. Retaining King Street would be kept under review. As a result, a provision of £100k had been made for dual running in Manchester.
- 7.23 Work would immediately commence on identifying potential property in Manchester.
- 7.24 The Board **noted** the report.

Annex 6 - 2017/18 Budget and Financial Position 2017/18 - 2019/20

- 7.25 The Board received the report on the revised forecast of the financial position for 2017/18 - 2019/20 and budget proposals to meet the savings requirements over the three financial years.
- 7.26 The savings and investment proposals were explained in detail in an appendix with summaries provided within each work stream and the impact on the financial position. The Comprehensive Spending Review of 2015 agreed had represented a 24.3% reduction in real terms from the 2015/16 Budget. There was recognition that this would take time to develop and implement the plans.
- 7.27 Following discussion, the Board:
- Welcomed the concise proposals;
 - Were reassured of the robustness of the proposals;
 - The Budget would return for presentation to the Board in March to assure the Board, providing transparency about assumptions on costs, investments, and contingencies on the TOM;

7.28 The Board approved the proposals.

ACTION: The Executive Director of Finance and Governance to submit the budget to the March Board.

Annex 7 - Reshaping PHSO Phase 2 - Timeline for Consultation

7.29 The Board received a report for Reshaping PHSO phase 2 showing key milestones for note.

7.30 13th March 2017 would see publishing of proposals, commencement of collective consultation including the voluntary exit scheme. Implementation of proposals and placing staff in roles was scheduled to take place between 22 May and 16 June 2017.

7.31 Project Officers contracts would be extended from the 1st April to the 30th June 2017.

7.32 The Board noted the timeline.

IN YEAR ACTIVITY

8. New Website: Oral Update

8.1 The Board received an oral update on the new website and were walked through the features by the Head of Digital Communications, External Affairs and Strategy.

8.2 User testing had been carried out with different user groups. This included tests carried out at the Digital Accessibility Centre for disabled people in Wales. Feedback received had been very positive and encouraging.

8.3 New features included a new page that would be used to check whether the body complained about was in jurisdiction (A Complaints Checker). This would also route people to the correct service ensuring that the organisation would focus on its core mandate. In response to a question about languages, the website was not functional in other languages; however it included a Google translator as a short term solution.

8.4 The website had gone live on 31 January 2017.

8.5 The Board noted the update and commended the work to make sure the site is accessible as an exemplar of how this should be done for all new technology based projects.

9. Learning Review - Provision of Clinical Advice Services to Other Ombudsman Schemes

9.1 The Board received a report on the Learning Review - Provision of Clinical Advice Services to Other Ombudsman Schemes to inform the Board of issues

identified and actions taken. The Board was also asked to **agree** the recommendations.

9.2 The Board **noted** the update and **agreed** the recommendations.

10. Update on Governance Review and Governance Diagnostic

10.1 The Board received an updated diagnosis/progress report on the implementation of the Governance Framework. This RAG rated diagnosis/progress report will be updated and used to report progress in implementing PHSOs governance framework over time. The business delegation scheme will come to the March Board meeting for approval.

10.2 The Board **noted** the update.

ACTION: The Interim Director of Governance to submit for approval the Governance Framework and revised Terms of Reference for the Board at its March meeting.

STEWARDSHIP AND GOVERNANCE

11. Report: Audit and Risk Assurance Committee

11.1 The Board received an update from the Chair of the Committee and to **note** the minutes of its meeting held on 9 November 2016.

11.2 At its meeting in November, the key themes that had been discussed were:

- The Audit timetable and laying of accounts pre-recess;
- The effectiveness Review of the Committee - good progress had been made with six areas out of eleven still to be reviewed;
- Register of Policies - ensuring that there was a central register of all policies for compliance and monitoring purposes.

11.3 The Committee had received the Financial Management Report, two final Internal Audit Reports with assurances from the Internal Auditors. The Chair recognised the resource challenges the Executive was facing and commended the team for timely delivery of the reports.

11.4 The Board **noted** the report and the minutes.

12. Report: Quality Committee

12.1 The Board received an update from the Chair of the Committee and to **note** the minutes of its meeting held on 8 December 2016 and to **agree** changes to its Terms of Reference.

12.2 The Committee was working towards business as usual (BAU). Work was being progressed on performance reporting and the Service Charter and Dashboard.

The Service Charter was under review and work was being undertaken to agree baselines. The Committee would meet when the data sets had been completed to review for quality.

12.3 A protocol on joint working with the Audit and Risk Assurance Committee (ARAC) was being developed and would be discussed at the February meeting.

12.4 There would be reflections on the Patient's Association Report at its meeting in February. The Committee would deliver scrutiny.

12.5 There were changes to the Committee's Terms of Reference and agreement was sought from the Board to agree:

- a) References to the Service Charter which were not in the original terms of reference
- b) That the Terms of Reference were consistent with the corporate suite of committees.

12.6 The Board **noted** the minutes and **agreed** the changes subject to amending clause 1.2's last two words from "*customer experience to casework decision making*".

ACTION: The Board and Committee Clerk to amend clause 1.2 of the Committee's Terms of Reference as requested by the Board.

INFORMATION

13. Communication to Staff

13.1 The Executive Director of External Affairs and Insight summarised the matters to be reported to staff.

14. Board Forward Programme

14.1 The Board **noted** the Forward Programme.

15. Any Other Business

15.1 None.

16. Review of the Meeting

16.1 Board Members commented that:

- the quality of papers had improved and included positive information about progress being made on a timely basis - the meeting marked a transition in organisational performance;
- With these changes it had been possible to keep to the planned timetable for the meeting and enabled us to now think about reducing the time for board

meetings overall - perhaps reducing to one day and including a workshop or external speaker in the morning;

- Informal discussions prior to the meeting and the external speaker session worked well and were much appreciated;

17. Date and Location of next meeting

17.1 The next meeting taking place on 9 March 2017 would consider the Business Plan and Budget for 2017/18 and would be held in Manchester.

The meeting ended.