

Minutes of the Office of Fair Trading Board Meeting

Thursday 11 January 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Jonathan May

Allan Asher

Lord Blackwell

Richard Whish

Rosalind Wright

OFT Staff

Daniel Caister

Cavendish Elithorn

Lynn Francis

Daniel Gordon

Chris Jenkins

Brian McHenry

Ann Pope

Barbara Powell

Debbie Samosa

Bart Smith

Vincent Smith

Simeon Thornton

Christine Wade

Graham Winton

Alan Williams

Simon Williams

Rob Williamson

Omar Yaqub

Executive Office

Francesca Seymour (Board Secretary)

Erik Wilson

**Item 1: Minutes from the last Board meeting (7 December)
(OFT(06)11th minutes)**

The Board accepted that minutes were a true record.

Item 2: ExCo Report

The Executive provided the Board with key updates on their respective areas:

CEO

Default charges

The team agreed to undertake a scoping study into default charges in September. The Board said that it would welcome a more detailed discussion on the principles and policy relating to retail banking at the March meeting.

ExCo objectives

Planning to set out ExCo's objectives for 2007-08 is underway and will be discussed with the Director Group. The objectives as drafted will be revisited in March/April.

Policy & Strategy

Competition casework guidance

This work is completed and guidance will be issued in the next two weeks. This was one of our commitments from the National Audit Office review.

Debt strategy

The team is looking at what we have in place and what role we should play in conjunction with the FSA and others. More generally, Ray Watson and his team are looking at the strategy planning for the organisation and linking this work to budgets.

International

The Board noted that a review of our competition and consumer international work has commenced. This will include an evaluation of the benefits from our work to date, and what we can and should contribute to the wider international debate.

Markets & Projects

Effective Project Delivery (EPD)

The EPD initiative has been launched and the implementation plan agreed for the next six months. The first Advisory and scrutiny Boards (ASBs) have also been appointed.

Government reviews

The teams have been working on strategies following the Gowers (intellectual property), Rogers (priority setting for Trading Standards Services) and Eddington (transport) reviews.

George Osborne MP

The Board was advised that George Osborne has written to the CEO voicing his concern about lack of competition in the energy market. Daniel Gordon has contacted Ofgem, and the CEO's response will explain our respective roles.

New roles

The Board asked for clarification of the new roles, which were explained as follows:

- 1 Senior Responsible Officer – responsible for navigating the work of the project across the office
- 2 Sponsor – strategic management of the project
- 3 Team Leader – responsible for day to day management of the project

Chief Operating Officer

Comprehensive Spending Review (CSR07)

This is almost ready to be finalised, save for a couple of technical points. The next step will be for the CEO to write to the Chief Secretary of the Treasury to confirm that we are content with the proposal.

On matters discussed at the December Board meeting:

- There remains some risk surrounding fees from Consumer Credit Licensing as Secretary of State approval will be required in setting them.
- Anti-Money Laundering regulations are not yet finalised, although the current draft takes account of our concerns.
- In common with the CSR02 settlement, HM Treasury (HMT) is providing comfort that it will assist with litigation fees above the level of our reserve, should this be required.
- The -5 per cent saving will also apply to Consumer Direct, HMT having been unmoved by our argument that we are constrained by contracts with contact centre operators until 2010. The 'ring fence' will be removed from CD with the new spending round, so we will be in a position to allocate resources as we deem appropriate.
- On Consumer Voice, it will be important to ensure that additional responsibilities are appropriately funded. HMT's position is that the variation in scope of such responsibilities means that it cannot be taken into account in the present settlement.

Civil Service dispute

The Board noted that industrial action by the Civil Service unions on 31 January was very likely.

Assistant Chief Executive

The Consumers, Estate Agents and Redress Bill

Both the Chairman and CEO have been involved in the discussions taking the work on the Bill forward and this topic will be raised at the weekly ExCo meetings. A Co-ordination team has been set up to ensure that the OFT's views are submitted wherever necessary.

Rogers review

David Fisher is leading the input to this review which aims to set five national priorities for Local Authority Regulatory Services (Trading Standards and Environmental Health).

General Counsel

Assirati/Branigan/Cityhook

The OFT succeeded in the appeal on the Assirati case closure decision. Brannigan and Cityhook are both still ongoing.

Director of Communications

Scams campaign

This is launched in February. The teams are visiting key regions and creating good relationships with our TSS partners, who are indicating that they are happy to deliver messages for us.

New website

The new website is scheduled to be launched in February. There is a Cabinet Office project underway (Transformational Government) which is looking to amalgamate a number of existing websites into the Direct Government website.

Item 3: OSC and RIPA

The Board discussed ongoing work in these areas.

Item 4: SME Banking

The team has carried out its review, and proposed that the Board accept its recommendation that the OFT should advise the Competition Commission to release the four main banks in England and Wales from transitional undertakings.

Following discussion, the Board agreed with the team's recommendation. The recommendation will be referred to the CC by the end of January.

Item 5: Board/ExCo relationship/beagle handover to ExCo

The Board was updated on the progress made to date on the change programme. It noted that going forward more work needed to be done on developing the culture of the organisation, with the focus being on the soft skills that staff needed to develop as managers and leaders. In addition, more needs to be done to give staff ownership of their work, and to make them more accountable. The Annual Plan process and financial systems are being brought into line with the new structure.

The Board commended Cavendish Elithorn and the Beagle team for achieving the launch of the new structure on 2 October with minimal disruption to the day to day work of the organisation.

Item 6: PPI

The team had carried out the statutory consultation on a proposed reference to the CC on the supply of PPI on all credit products with the exception of storecards. Few responses, but they were generally in favour of a reference.

The Board gave its approval to proceed with a reference to the CC as proposed. It congratulated the team on a good paper and thorough project overall.

Item 7: PPRS

The team sought views and comments on the Executive Summary of the PPRS report. The report recommends that the Government amend the

scheme, replacing existing controls with a value-based approach to pricing. This will result in better value for the NHS and more choice for consumers.

The Board was content with the publishing of the proposals and made various suggestions regarding their presentation.

The Board commended the team for an excellent report that dealt comprehensively with difficult issues. It was particularly complemented for its management of the key stakeholder relationships.

Item 8: Any other business

Forthcoming dates

The Board was reminded that the staff conference is taking place on 25 April at Barbican, and that the Board Away Day is scheduled for 22-24 May.

House of Lords Select Committee on Economic Regulators

We are providing written evidence to the Committee by 9 February, and the CEO will give oral evidence on 27 February.

Papers below the line

Item 9: Management accounting information

The Board noted the information provided for the period ending 30 November.

Item 10: Funding from the OFT and End Year Flexibility

The Board approved the ExCo proposal to go to HM Treasury for a draw down of EYF.

Francesca Seymour
Secretary to the OFT Board
12 January 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 1 February 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Jonathan May

Allan Asher

Lord Blackwell

Richard Whish

Rosalind Wright

OFT Staff

Christine Cryne

Amelia Fletcher

Ray Hall

Brian McHenry

Lynn Parker

Siobhan Pointer

Renella Reumerman

Bart Smith

Vincent Smith

Natalie Timan

Christine Wade

Alan Williams

Executive Office

On Kong

Erik Wilson

**Item 1: Minutes from the last Board meeting (11 January)
(OFT(01)1st minutes)**

The Board accepted that the minutes were a true record.

Item 2: ExCo Report

The Executive provided the Board with key updates on their respective areas:

Chief Operating Officer

CSR 07 settlement

We are expecting from Treasury a formal offer of settlement in the week of 5 February.

Facilities

Our new Boardroom should be officially up and running by late February and the remainder of our new meeting facilities, including the café and reception area, should be complete by the end of March.

Consumer Credit Act licensing fees

We will be putting submissions to DTI and the Secretary of State early next week on revised Consumer Credit licensing fees.

PROMOD

The anticipated 'go live' date is now 26 February and we are 90 per cent confident about this.

Executive Director, Policy & Strategy

Meeting with BRE

A meeting between the Better Regulation Executive and Heads of Regulators had taken place on 30 January, where the BRE outlined its plans to assess regulators, including OFT, under the Hampton framework. This is likely to be conducted in the form of peer reviews, which are expected to take place by the summer.

Acting Executive Director, Markets & Projects

Prioritisation

At its recent Prioritisation Day, the Markets and Projects leadership team thought about what a balanced project portfolio should comprise and identified the following gaps on which to focus: research and development, market studies, strategic advocacy, productivity-based work, thought-leadership projects and consumer protection projects.

Pharmaceutical Pricing Regulation Scheme

The report is due to be published some time before 22 February when it will be discussed at a House of Commons event.

Assistant Chief Executive

Rogers Review

The Rogers Review will recommend five national priorities for local authority regulatory services. It was noted last week that the initial priorities identified by Rogers did not reflect those of Trading Standards. Philip Collins is meeting with Peter Rogers on 5 February to take this forward.

Regional Intelligence Network

The team will be using the national intelligence model to identify areas of consumer detriment to feed back into project work.

Director of Communications

Scams campaign

The new communications model is to empower intermediaries to deliver OFT messages rather than using resources on a one day campaign. The first instance of this is the Scams campaign. The team will be providing toolkits to the OFT's partner organisations to communicate the key messages arising from its scams research. The kit will include a DVD, copies of which were distributed.

Website

The new website will go live on 23 February. Any comments from the Board on the website are welcomed.

General Counsel

Cityhook

The hearing on Cityhook's appeal in relation to the OFT's case closure decision, had just taken place.

Item 3: Consumer Direct

The Board received an oral report on progress on Consumer Direct. The Board will be updated in July.

Consumer Voice

An implementation team will be set up to work towards the deadline of 1 April 2008, although we would like to propose a gradual handover over 2008-09

Item 4: Ongoing case

The Board noted progress in an ongoing case, and supported the decision of Chief Executive to continue pursue the case and to take decisions on its future course in the light of developments.

Item 5: Banking

Banking Codes review

The Board discussed and agreed with the proposed OFT contribution to the review which focuses on the need for improvement in competitiveness in the sector through enhancement of the existing framework rather than new regulation, particularly in respect of price transparency, as highlighted in the Competition Commission's investigation of banking in Northern Ireland.

Cross subsidies

Arising from the above discussion, the Board discussed the economic effects of cross-subsidies. It noted how cross-subsidies could be efficiency enhancing in some markets but efficiency distorting, and lead to unfairness to consumers, in other markets. Key issues were the competitiveness of the sector and price structures and transparency.

Item 6: HR current priorities and work plan

The Board noted the summary of current HR priorities, work plan and resources as approved by ExCo.

Item 7: Any other business

Future meetings

ExCo will bring a paper to the Board on governance in March. It will cover the role of ExCo and the Board and decision making in casework.

Appointment of the Executive Director Markets and Projects

The Board welcomed the appointment of Sean Williams to this post.

DTI Stocktake

DTI has decided that the OFT and Competition Commission's stocktake items should not be taken forward in the context of the upcoming LBRO legislative process

Papers below the line

Item 8: Management accounting information

The Board noted the information provided for the period ending 1 January.

Item 9: Payment Systems Taskforce

The Board noted the information provided.

On Kong/Erik Wilson

1 February 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 1 March 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Jonathan May

Allan Asher

Lord Blackwell

Richard Whish

Rosalind Wright

OFT Staff

Tony Donaldson

Daniel Gordon

Sarah Kaye

Steve Lisseter

Brian McHenry

Hannah Priest

Simon Pritchard

David Ruck

Bart Smith

Christine Wade

Simon Williams

In attendance

Sean Williams

Executive Office

Erik Wilson

Francesca Seymour (Secretary)

**Item 1: Minutes from the last Board meeting (1 February)
(OFT(07)2nd minutes)**

The Board accepted that minutes of the February meeting were a true record.

Item 2: ExCo Report

The Executive provided the Board with key updates on their respective areas:

Assistant Chief Executive

Varney Report

The Varney Report is currently with HMT.

Consumer Direct and Trading Standards Service

The response by Consumer Direct and Trading Standards to the petrol contamination incident has been very good, with teams quickly preparing detailed advice for use with the large number of callers.

(Christine Wade left the meeting to attend a business engagement)

CEO

Meeting with EU Commissioner for Competition

The Chairman, CEO and OFT officials met Neelie Kroes and her Director General, Philip Lowe on 19 February. The meeting covered a range of mutual interests, including evaluation and prioritisation.

House of Lords Committee on Economic Regulators

The CEO appeared before the Committee on 27 February to follow up on the written evidence submitted in January.

Grade 6 promotion round

Interviews for internal candidates will take place over the next two weeks.

Executive Director, Policy & Strategy

Stern report

Defra has sought the Chief Economist's views as a follow-up to the Stern report. This includes work on productivity analysis. This was also raised at the OECD last month.

Acting Executive Director, Markets & Projects

Effective Project Delivery

The first meeting of the EPD ASB has taken place and agreed its workstrands.

PPRS

The public response has been generally good, with some mixed signals from the industry. The CEO attended both the launch breakfast and dinner with MPs and industry representatives.

Buses

DfT is working on new road transport arrangements based on local partnerships which have implications for buses.

Chief Operating Officer

Power failure in Fleetbank House – 13 February

The power failure has had a knock-on effect to the Promod testing project, and has resulted in a further 2-3 week delay. A full report on the power failure is expected shortly, and a separate alarm system is being installed which will alert the security staff of such an emergency.

Relocation

It was confirmed that we are looking at civil estate options first as potential new accommodation.

CSR07

The letter from the Chief Secretary to the Treasury is still awaited.
(this arrived during the course of the meeting).

Director of Communications

New OFT website

The launch went well, and received positive comments from stakeholders.

Scams awareness month

This had gone well, with 21 articles in the national press and a mini series on GMTV.

Comms Away Day

The Comms team are having an away day on 2 March, looking at its forward work programme.

General Counsel

Toys and Kit

These cases are now over following the Court of Appeal's rejections of the appeals and the House of Lords refusal of leave to appeal. On kit, we understand that a follow-on action on behalf of consumers is to be brought by Which?

Makers case

The dismissal by the CAT of the Makers appeal was significant.

Item 3: Mergers

Simon Pritchard gave the Board an overview of work in the Mergers area. The Board noted that although merger and acquisition activity had increased, the mergers caseload had actually decreased. This is due to the

fact that the team is spending more time on tough cases, rather than on those of little impact.

The Board were taken through how the team handles risk, and was given examples of the OFT's work through case studies. On the revised interim arrangements for informal advice, these appeared to be working well and to be generally accepted by practitioners. The Board was advised that we plan to go out to public consultation on revised mergers guidance shortly, and will publish the findings.

Whilst the focus in Mergers is on developing talent and retaining staff, resources are an issue. This is something that ExCo needs to take the lead on, and identify what needs to be done for the office as a whole.

The Board thanked Simon for an informative presentation.

Item 4: Airports

The Board gave outline approval for a reference to the Competition Commission. It agreed with the process proposed, i.e. that the team will circulate the draft decision and terms of reference in time for the Board to formally approve the reference by the end of March.

Item 5: Governance/Board & ExCo structure

This paper was tabled as work in progress to be discussed in more detail at the Board away day in May. The aim of the exercise is to ensure that the Board is involved in the right projects at the right stage, and to be clear how the relationship between the Board and Executive works. The latter point also needs to be communicated both to staff, and externally.

The Board agreed to have a further discussion at the Board away day in May.

Item 6: Annual Plan consultation update

The Board was advised that the Annual Plan would be laid before Parliament at 1100 on 24 March. Comments received thus far on the new format were positive, some comments were expected to arrive on the deadline (2 March).

The Board was broadly happy with the changes proposed in the paper.

Item 7: Any other business

ExCo work

ExCo is looking at the language used on project delivery, and will discuss next week. Presentations linking the vision to the work programme are being led by ExCo across the office.

Rosalind Wright

This was Ros Wright's last Board meeting. The Chairman thanked Ros Wright on behalf of the Board and the OFT for her contribution over the last 4 years.

Papers below the line

Item 8: Management accounting information

The Board noted the information provided.

Item 9: Staff Event

The Board noted the information provided.

Francesca Seymour
Board Secretary
2 March 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 11 April 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Jonathan May

Allan Asher

Lord Blackwell

Bronwyn Curtis

Alan Giles

Frederic Jenny

Richard Whish

OFT Staff

Rosie Aujla

Paul Burton

Nigel Cates

Winnie Ching

Mike Coates

Christine Cryne

David Fisher

Daniel Gordon

Siobhan Pointer

Carissa Roberts

Bart Smith

Christine Wade

Omar Yaqub

In attendance

Sean Williams

Executive Office

Erik Wilson

Francesca Seymour (Secretary)

Item 1: Minutes from the last Board meeting (1 March) (OFT(07)3rd minutes)

The Board accepted that minutes of the March meeting were a true record.

Item 2: ExCo Report

The Executive provided the Board with key updates on their respective areas:

Executive Director, Policy & Strategy

Business planning

This is the first time that business plans are being prepared across the office as a whole. At the end of the process, we will have a series of plans linking the work of the office together. The plans and the planning process will be discussed at the Board Away Day.

Farepak

The OFT has been allocated £1m from HM Treasury to draw up a consumer education programme on Christmas savings schemes in light of the Farepak collapse. We will also look at competition issues, and fully evaluate the programme.

Climate change

This is at the scoping stage. It is envisaged our work will focus on barriers to entry and how carbon schemes are set up.

Acting Executive Director, Markets & Projects

Airports

The airports reference was made on 30 March. The market study and decision had been successfully completed within 1 year.

Which? Supercomplaint

The OFT has received a supercomplaint on APRs on credit cards.

Chief Operating Officer

Staff survey

This was the first survey since November 2005. Participation and the level of positiveness in many areas had improved, although the assessment of the work/life balance had declined. ExCo will discuss the project plan setting out actions in the coming weeks.

The key results will be announced at the Staff Event on 25 April. The Board agreed that the survey needed to link explicitly to management actions.

Director of Communications

Farepak and Consumer Education

The education programme (following on from Farepak) is an exciting piece of work that will help consumers build long-term skills in making risk-based decisions. The team will be working closely with the FSA and other intermediaries in taking this forward, which should roll out in advance of next Christmas.

The Board asked how the effectiveness of communications is evaluated. In the past this has centred on the annual tracking data in support of the annual plan, but work is underway to look at other research available that may be more helpful. There will be a full evaluation of the new programme.

Website

The new website has been running for 2 months, and positive comments had been received. The Board had also received external comments on the new-look website, which will be forwarded to the team.

Assistant Chief Executive

Rogers Review

The CATS team provided evidence to this report, and we have got the inclusion of a priority entitled 'Fair Trading'.

LBRO

Clive Grace has been appointed as LBRO Chair, with Board members to be appointed in May. Their offices will be based in Birmingham.

Consumer Direct

The Consumer Direct team has relocated from Maidstone to Fleetbank House.

General Counsel

Cityhook

The Cityhook appeal was dismissed by the Competition Appeal Tribunal on 5 April. This upheld the OFT's decision to be able to close cases on administrative priority grounds.

Spacer Bars

Judgment on this case was handed down on 9 March. The OFT was successful on all counts, and was awarded costs.

Albion Water

The appeal application by Albion Water was refused by the Court of Appeal on 5 April.

Item 3: Retail Banking

The CEO updated the Board orally on the OFT's work with the banking sector. The next step is to draw up a scoping study and to get resources in place. The project plan will be completed by the end of April.

Item 4: Future OFT

This work is based on what the OFT will look like at the end of the HM Treasury settlement (2011). This will be discussed in greater detail at the Board Away Day and at a dedicated Board meeting in either July or September.

Item 5: OFT/TSS Joint Programme

The Board was given a short description of progress on the programme and the key issues that we face. The Board agreed that more time needed to be spent on exploring the link between OFT's strategy and our relationship with TSS.

Item 6: Consumer Direct

The Board was provided with an update on progress made since the February Board meeting on the financial and strategic issues pertaining to Consumer Direct.

Item 7: Annual Report

The Board was asked to consider the draft Annual Report which reports on objectives under the old structure. The Board noted the inclusion of the 'highlights' chapter that pulls out the OFT's significant achievements. Subject to this and other drafting points, the Board was content. The Report will be discussed at ExCo next week.

Item 8: Statutory Authorisations

The authorisation process has been amended to reflect the new OFT structure, and is now more flexible and simplified, focussing on what staff are permitted to do, rather than the exceptions. A training programme for staff on the change to responsibilities is being organised.

Item 9: Any other business

ExCo

ExCo is looking at the internal annual plan, which will come to the Board in May. Objective setting for 2008/09 will be discussed at the Away Day.

DTI Peer Review

We are preparing a detailed response to the Peer Review.

Papers below the line

Item 10: Management accounting information

The Board noted the accounting information for March, with the explanation of variance in the figure for Operations, which was owing to the staff moves and IT changes resulting from the Beagle programme.

Francesca Seymour
Board Secretary
12 April 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 3 May 2007

Present

Philip Collins (Chairman)
John Fingleton (CEO)

Lord Blackwell
Bronwyn Curtis
Alan Giles
Richard Whish

Apologies

Frederic Jenny
Jonathan May
Christine Wade

OFT Staff

Kyla Brand
Sue Cook
David Fisher (for Christine Wade)
Daniel Gordon
Brian McHenry
Ali Nikpay (for Jonathan May)
Bart Smith
Simon Williams

In attendance

Sean Williams

Executive Office

Erik Wilson
Francesca Seymour (Secretary)

Chiene + Tait

Tom Mitchell

Observer

Mark Lee

Item 1: Stakeholder Relations

The Stakeholder Relations paper summarised the development and progress in implementing a stakeholder strategy across the OFT, and noted that this strategy is evolving. A mapping exercise of stakeholders is underway, and the team is checking that we are adopting the appropriate approach for each stakeholder, and at what level(s) relationships should be managed.

The Board confirmed that it was content with the direction of the paper.

Item 2: Minutes from the last Board meeting (11 April) (OFT(07)4th minutes)

The Board accepted that minutes of the April meeting were a true record.

Item 3 ExCo Report

The Executive provided the Board with key updates on their respective areas:

CEO

The CEO updated the Board on the following decisions by ExCo:

Banking

The banking study was announced last week. This issue will return to the Board in September.

Business Plans

ExCo reviewed at the individual draft business plans last week. As reported, a number had been approved while others had been sent back for further work. This is the first time plans have been prepared and reviewed in this way. This will be discussed with the forward plan and overall strategy for the organisation at the Board/ExCo Planning Day on 16 July.

Concurrency

ExCo agreed that Ali Nikpay would replace Vincent Smith as the OFT lead on the Concurrency Working Group. He will be writing to all members proposing that we initiate a dialogue on priorities and case selection.

Staff issues

ExCo reviewed the promises made at the Staff Event, and people are assigned to the delivery of each one.

Director of Communications

Farepak

The new Board members were given the background to the Farepak issue. Sue Cook had been to Scotland, where the pilot of the OFT's education campaign will be run. The Board noted that there was a social element to the use of these savings clubs, and that it was a valid choice for some consumers.

New web site

Comments forwarded to the team by Richard Whish were noted. Comms plan to set up a workshop for law firms in summer on the website.

Chief Operating Officer

Promod

The COO noted that some of the lessons from Promod had already been learnt with respect to the websites redevelopment project, which is running far more smoothly. The Board noted that a full 'lessons learnt' review will take place at the end of the project.

Assistant Chief Executive

Consumer Direct

The team has contributed to a new HM Treasury (HMT) review which is looking at the feasibility of providing a generic national approach to financial advice for consumers. The Board agreed that having one port of call for the consumer in this area would be beneficial.

Acting Executive Director, Markets & Projects

New major studies

The Board decided that it should continue to approve major studies.

Executive Director, Policy & Strategy

DTI: Competition and Stocktake

Brian McHenry reported on his attendance at the recent DTI Family conference. Ali Nikpay provided background for the new Board members on the competition stocktake.

Private Actions

The preliminary reaction to the OFT's discussion paper has been positive. The closing date for comments is 15 June.

General Counsel

The status of current and pending cases was noted.

Item 4: Risk Management & Policy

The Board noted that this was an ongoing piece of work that would develop and change over time. It was broadly content with the approach, subject to more work being done to clarify points and make the document as user-friendly and as relevant to the specific work of the OFT as possible, such as through the use of relevant practical examples. Comments previously made by ExCo had also still to be incorporated. The output of the EPD project also needs to be reflected in the document once the project is completed in June.

This document will come back to the Board for review in September.

Item 5: Board Awayday Agenda

The Board had received a copy of the agenda under an e-mail from the Chairman prior to the meeting. Mark Lee, who was in attendance in the capacity of observer, was meeting with each Board member individually and will be providing a summary of his discussions prior to the Awayday.

Sue Cook will pull together some external views of the OFT from media reports and the Annual Plan consultation responses for the Board.

Item 6: Confidential case updates

The Board was provided with the progress made to date in two pending confidential cases. No paper was produced for this Item.

Item 7: Any other business and future agenda items

General Counsel post

The Board discussed plans for the post following the departure of Brian McHenry later this year. The Board was content for the CEO to progress his proposal with the Cabinet Office.

Papers below the line

Item 8: Management accounting information

The Board noted the information provided for the period up until 31 March.

Francesca Seymour
Board Secretary
4 May 2007

Minutes of the Office of Fair Trading Board Meeting

Wednesday 13 June 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Jonathan May

Sean Williams

Allan Asher

Lord Blackwell

Bronwyn Curtis

Alan Giles

Frederic Jenny

Richard Whish

OFT Staff

Colin Brown

Sue Cook

Tony Dart

Ian Edwards

Gerald Gregory

Brian McHenry

David Osmon

Bart Smith

Anne-Marie Tarkowski

Christine Wade

Frances Warburton

In attendance

Nigel Matthews

Peter Jones

Executive Office

Erik Wilson

Francesca Seymour (Secretary)

Item 1: Audit Committee Report to the Board

Nigel Matthews presented the annual Audit Committee report to the Board. He confirmed that he was happy with the proposed approach in relation to the audit. He thanked the CEO and Bart Smith for formally briefing the Committee on the changes to the organisation, and said that it was a credit to the OFT that so much had been achieved at a time of great change. The Audit Committee had noted that the Finance team was under-resourced, but was aware that this was being addressed. The Chairman is currently reviewing the role and structure of the Audit Committee, which will come back to the Board in July, when the Annual Accounts will be signed off.

Item 2: Minutes from the last Board meeting (3 May) (OFT(07)5th minutes)

The Board accepted that the minutes of the May meeting were a true record.

Item 3: ExCo Report

The Chairman advised the Board of the following:

BIICL Event

BIICL is organising an event on 10 July that is aimed at contributing to the debate on the appeals process in competition cases.

Global Competition Review

The Board was advised that the OFT remained in the same position as last year, i.e. with 'four stars'. The Competition Commission was awarded the position of 'Elite Authority' (with five stars).

DTI Peer Review

This will be published on the DTI website on 15 June.

The Executive provided the Board with key updates on their respective areas:

CEO

Staff issues

The CEO alerted the Board to the recent advertisements for the posts in Mergers.

House of Lords inquiry into Economic Regulators

This had gone well. The CEO being advised that there were five more Parliamentary Committee appearances coming up in June and July.

Executive Director, Policy & Strategy

Farepak

The Board was updated on our recent appearance in front of the Treasury Committee on issues arising from the Farepak case and our subsequent education campaign on Christmas savings schemes.

Executive Director, Markets & Projects

Prioritisation

This was covered in more detail under the presentation at Item 6. More information on the office-wide prioritisation criteria which are under development will come to the Board in July.

Internet Shopping

The results of this study will be publicly announced next Tuesday.

Chief Operating Officer

Resourcing

The planning of the new structure for the Finance team is underway. A new interim HR Director joins the HR team on Monday.

Promod

The system is running quite slowly, and the team is continuing to have to deal with the resulting backlog.

Assistant Chief Executive

Hampton

Christine Wade is on a panel undertaking a peer review of the HSE. She will be attending meetings in the next few weeks which will define the scope of the exercise. This would be valuable experience when it came to a review of OFT later in the year.

General Counsel

Nothing new to report.

Director, Communications

It was noted that we have managed to get representation on the Treasury committee, under Sir Brian Pomeroy, looking at financial capability. A consultation document has been produced.

Item 4: House Building

The Board was asked to consider undertaking a market study into house building. The key indicators that this market is not working well are: low quality, low supply response to high prices and low innovation. The scope of the study will look at consumer issues across all of the UK, but look at competition and planning issues primarily in England. The team confirmed that it was working closely with Whitehall to avoid duplication with other reports and initiatives and to dovetail our combined efforts.

Following discussion, it was agreed to proceed with the study as proposed.

Item 5: Unfair Commercial Practices Directive (UCPD)

The Board was provided with a brief update on the UCPD, specifically the Consumer Protection from Unfair Trading Regulations (CPRs).

The Board noted that the DTI had published a consultation on 29 May, and the OFT had provided draft guidance in support of this. The key point to note was that CPRs introduce new criminal powers, and the team is working with colleagues across the office to make sure our approach to the use of such powers is appropriate.

The team is now developing a training programme for Trading Standards, and will be discussing how best to deliver with OFT colleagues who successfully delivered training on Part 8 of EA02. The Board added that it might be worth discussing training also with the FSA in the light of their experience with IFA's.

We will be issuing final guidance both internally and externally, and to our enforcement partners.

Item 6: Excellence in Delivery

Sean Williams provided a presentation to the Board on how he sees the process of delivery across M&P developing. This presentation focussed on the business process, rather than people.

He explained that there are three strands to this approach: intelligence, pipeline and work programme management. These elements look at how information is turned into project and programme ideas, then into projects. The prioritisation criteria for projects will return to the Board in July, but we are aiming for a well-balanced portfolio of projects which have both high impact and high significance. The Board will also be given an update on the Effective Project Delivery work in due course, and asked that consideration be given to better use of information systems.

Item 7: ExCo objectives

The Board received the drafts of the ExCo objectives that have been prepared in line with Cabinet Office proposals. These focus more on making the link between objectives and business planning. Objectives will

be time specific, and will include an element of culture development.

The Board noted the progress made to date.

Item 8: Any other business

International Competition Network (ICN)

The Board noted that, following an absence of several years, the OFT has been re-elected to the ICN Steering Committee, with the support of DG Comp, the Americans and Canadians.

Diary dates

- 5 July: CC Council meeting and next Board meeting
- 16 July: Board/ExCo Planning Day

Papers below the line

Item 9: Response to the Which? super-complaint

The Board noted the response.

Item 10: Dairy Products Retail Price Initiative

The Board noted the progress made in this case.

Francesca Seymour
Board Secretary
14 June 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 5 July 2007

Present

Philip Collins (Chairman)
John Fingleton (CEO)
Jonathan May
Sean Williams
Allan Asher
Lord Blackwell
Bronwyn Curtis
Alan Giles
Frederic Jenny
Richard Whish

OFT Staff

Sue Cook
Tony Dart
Lindsay Gardiner
Alex Hunter
Cavendish Elithorn
Simon Williams
Rob Williamson
Siobhan Pointer
Patrick Vaughan
Brian McHenry

In attendance

Peter Jones

Executive Office

Erik Wilson
Francesca Seymour (Secretary)
Jennifer Halliday
Steve Rayner

Item 1: Minutes of the last meeting

The minutes of the June meeting were accepted as a true record.

Annual Accounts

The Annual Report, including Resource Accounts, for 2007 will be laid before Parliament on 23 July. The Board approved the signature of the resource accounts by the CEO.

Item 2: ExCo report

CEO

Treasury Select Committee (TSC)

The Chairman and CEO met John McFall MP on 4 July. Mr McFall was updated on Farepak. TSC has invited OFT to submit supplementary written evidence.

Executive Director Markets and Projects

Nothing to add to report

Assistant Chief Executive

Trading Standards Institute Conference, Manchester

Feedback from stakeholders was very positive. The OFT was seen to be much more closely involved than in previous years, with a keynote speech by the Chairman, the presentation of the Young Consumer of The Year award by the CEO and good participation in the various training sessions we ran.

Executive Director Policy and Strategy

Nothing to add to report

General Counsel

Foster Yeoman/Aggregate

Nothing to add to report

Item 3: Markets and Projects (M&P) portfolio

The Executive Director M&P gave a presentation on the M&P work programme, illustrating the types of work, resources and sectors being undertaken. The Board were also shown examples of how intelligence is being developed, and used, from data collection devices such as the Protrack report, a management project tracking tool which will allow ExCo to monitor project delivery and aid development of a portfolio with particular sectoral mixes.

The Board commended this approach to work programme management, stressing that it would be important to ensure that we are able effectively to explain and justify the methodology. This will require more qualitative analysis.

Item 4: Prioritisation

The Board endorsed the proposed approach to consultation and considered that the paper should give examples of the ways in which the criteria might be applied in practice. External focus groups should be considered for testing the criteria during consultation.

Item 5: External reputation

The CEO introduced the review by explaining that an interim communications director has been appointed against a background of recent and pending high profile announcements and six appearances before parliamentary committees. The Head of the Press Office outlined the work that has been done to collate brief analysis of external concerns into a single working document intended as a non-bureaucratic and more centralised method for identifying issues and developing positions. The Board were shown a copy of the document which grades distinct reputational risks by priority. It includes general lines to take and actions, and is intended to ensure that we are more responsive, and even more consistent, in approach.

The Board commended this approach, and suggested the proposed approval might be developed further perhaps as part of the more advanced press office document which deals more comprehensively with campaigns. This would involve identification of explicit ExCo/Board support for actions and of immediate actions and lessons learned.

Head of Communications to provide an update to the board in the autumn.

Item 6: Retail banking

The Board was updated on the current position. The Board commended the work of the team, particularly in the context of the complexity of the issues and the multiple parties and interests involved.

Item 7: Audit Committee

The Chairman presented paper OFT(07)50, concerning the present and future remit and composition of the committee, and concluding that the audit committee should be made a sub-committee of the Board. The Board agreed to proceed on the basis of the recommendations in the paper.

Item 8: Confidential issue

The board was updated on progress on a confidential matter.

Item 9: Board away day

Peter Jones presented the draft away day agenda, outlining the objectives for the day as:

- consolidate the work being done to take the organisation forward
- discuss a selection of current issues in greater detail

The Board agreed to the proposed agenda.

Item 10: Internal Communications update

Head of Internal Communications gave an update outlining the steps being taken to ensure that information is cascaded comprehensively throughout the organisation, and describing improvements in feedback mechanisms. Internal Communications will take forward plans for Board members to meet staff to talk about their work.

Item 11: Any other business

The Chairman thanked Sue Cook for her work over the last year as temporary Director of Communications.

Steve Rayner
Executive Office
26 July 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 6 September 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Sean Williams

Allan Asher

Lord Blackwell

Bronwyn Curtis

Alan Giles

Frederic Jenny

Richard Whish

OFT Staff

Bart Smith

Christine Wade

Ali Nikpay (for Jonathan May)

Richard Emmott

Brian McHenry

Sarah Kaye

Jessica Precious

Rosie Aujla

Ray Hall

Simon Brindley

Debbie Kitcher

Peter Swan

David Philpott

Philip Crabtree

Winnie Ching

Paul Goldsworthy

Executive Office

Erik Wilson

Francesca Seymour (Secretary)

Jennifer Halliday

Steve Rayner

Item 1: Minutes of the last meeting

The minutes of the July meeting were accepted as a true record.

Item 2: ExCo Report

Jessica Precious and Rosie Aujla introduced the new format for the ExCo report to the Board. The new format and the information flowed to a significant degree from the material generated within the Effective Project Delivery system.

The new format provided the Board, on a monthly basis, with a report setting out the milestones, and delivery against them, for the significant projects across the office and a narrative report which reflected key activities and developments over the past month. On a half-yearly basis, the Board would also receive a progress report on delivery against Annual Plan commitments.

The new format was welcomed by the Board as a major improvement in the way information is reported. Specific points that the Board wished to be developed further were consistency between the reports and in the use of flags and codes within them, the highlighting of developments within the month and the need to keep the narratives as succinct and relevant as possible. Sean Williams extended his thanks for this work to the Effective Project Delivery team, and to Policy and Strategy as a whole.

CEO

Chapter II/Article 82

A successful cross-office internal workshop on Chapter II/Article 82 and the development of casework had been held and it was intended to hold further workshops in other important policy areas, starting with approaches to settlement, or voluntary resolution, of cases (see further below).

Prioritisation

ExCo has identified two areas of immediate priority (recruitment and mid-year appraisals) to drive quick and significant improvements. Going

forward, ExCo will identify priority areas in a rolling programme for executive-led improvement drives.

Whitehall

The CEO reported on recent Whitehall meetings.

Executive Director, Markets and Projects

Prioritisation

The new principles for prioritisation are now operational, and have been applied in practice for the first time in the decision to start a project to review ITV's Contract Rights Renewal Undertakings which were given following the Granada/Carlton merger.

Executive Director, Policy and Strategy (Ali Nikpay for Jonathan May)

Private Actions

We are holding a public hearing in London on 24 September, which will be followed by recommendations to Government.

Settlements/Voluntary Resolution

Wouter Wils of the Commission's Legal Service is addressing an internal meeting on this subject and this is to be followed by an internal OFT roundtable to discuss policy in CA98 cases in late September. The aim is to pull together key issues and to work towards a general consensus on the scope and application of such arrangements. Board Members are welcome to attend the roundtable on 19 September.

Competition Compliance

The Chairman, Richard Emmott and Ali Nikpay outlined plans for a compliance campaign targeted initially at major PLC's which aimed to raise Board level awareness and to offer engagement with senior legal personnel. The Board agreed in principle to this campaign.

Chief Operating Officer

Nothing to report.

General Counsel

Litigation

August saw two appeals dismissed at the CAT, in the Brannigan and CGC cases.

Communications

Richard Emmott reviewed various recent events including the CEO's appearance at the TISC during the summer, the airline fuel surcharges case, and the personal current accounts test case. Generally recent announcements had been successful both in terms of effectiveness in delivery of message, and breadth of coverage.

Stakeholder Communications

A new appointment has been made to map out and pull together stakeholder communications.

Assistant Chief Executive

Hampton

The Hampton Implementation Review Team will be visiting OFT in the autumn, and will be seeing the Chairman and CEO.

Item 3: Annual Plan

Sarah Kaye outlined proposals to keep the fundamental objective-based structure of the annual plan for this year (subject to consultation with stakeholders) based around the OFT Vision. The Board agreed with this approach and that the focus for the year should shift from internal functions and capacity building within the organisation to delivery of high impact outcomes across markets generally and without identifying priority markets. The team were also encouraged to consider including in the plan

a clear overall picture of the work of the OFT and how its constituent parts fit together.

Item 4: Anti Money Laundering Directive

The team explained the background to the regulations implementing the Directive. The regulations come into effect in December and if the Board approved, the team intended to produce a business case for a registration system which could be introduced in 2008.

Before putting forward this business case the Board encouraged the team to consider the costs and implications both for business and for the OFT of a the introduction and operation of registration system, possible alternatives to such a system, the nature of the information the OFT needed from business in order to exercise its supervisory function of monitoring and enforcement and how such information would be used.

Item 5: PROMOD

The Board noted the present position and the remedial action that had been taken to respond to the challenges of implementing the PROMOD system. The Chairman thanked the team for their hard work, and asked them to pass his thanks on to their staff.

Item 6: Conflicts of interest and Rules of Procedure

The Chairman introduced the paper and described the purpose of the proposed changes in the rules of procedure which are intended to reflect recent developments and current practice and clarify roles and responsibilities without being unduly prescriptive.

The Board made a number of detailed comments and suggestions for improving the structure and content of the draft including the relationship between the description of the main responsibilities of the Board and ExCo and the proposed list of matters for Board involvement. It discussed the principle of collective responsibility, the application of HMT guidelines in relation to Board responsibilities and the changes to the guidance on conflicts of interest.

The Board approved the proposed approach. A further draft to reflect the discussion would be circulated to the Board for comment later this month, with a view to a final text being approved at the October meeting. This draft will include proposals on financial thresholds for items requiring Board approval.

Item 7: Any other business

Scotland

The new administration in Scotland is conducting a consultation on the scope and range of devolved powers. This includes reference to the competition regime and whether or not there is a case for a separate Scottish regime.

Competition Quadrilateral

The Board was updated on the recent Quadrilateral where the main issues discussed were the outcome of the Peer Review, and the format and content of the review, and proposals to facilitate private actions.

Board Away Day

The next away day is currently planned for April or May next year.

Consumer Direct

Progress was being made in understanding the implications of Consumer Voice and its impact on Consumer Direct. The Board would be asked to discuss Consumer Direct later in the year.

Item 8: Recruitment Policy

The CEO outlined how the new policy would introduce greater flexibility and ensure that recruitment is delegated to groups and make the system more fluid and focussed on specific business needs. Three pilots schemes are being run; in the Chief Economist's office, and in the cartels and advisory, policy and international groups.

The Board noted and approved the new policy.

Philip Collins

Chairman

20 September 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 4 October 2007

Present

Philip Collins (Chairman)
John Fingleton (CEO)
Jonathan May
Sean Williams
Allan Asher
Lord Blackwell
Bronwyn Curtis
Alan Giles
Frederic Jenny
Richard Whish

OFT Staff

Steven Altham
Frances Barr
Marie Clark
Heather Clayton
Richard Emmott
Emma Hodgson
Ian Hextall
James Grimsdale
Chris Jenkins
Sarah Kaye
Brian McHenry
Renato Nazzini
Ali Nikpay
Harsha Shewaram
Bart Smith
Christine Wade

In attendance

Chiene + Tait
Jeremy Chittleburgh
CapGemini
Roger Florry
Subhinder Dhillon

Executive Office

Erik Wilson
Francesca Seymour (Secretary)

Item 1: Minutes of the last meeting (6 September) OFT(07)8th minutes)

The Board accepted that the minutes of the September meeting as a true record.

Item 2: Private Actions

The team advised the Board that attendance, and views expressed at, the public hearing held on 24 September had been representative of consultees, and no significant new points on the proposals set out in the OFT's April consultation paper had been received.

The Board noted that the consultation had produced diverse views within the business community, for instance with the Federation of Small Businesses supporting the proposals, and CBI being concerned about additional burdens on business and increased litigation and urging greater public spending on public enforcement.

The Board emphasised the importance of ensuring that the proposals were presented as part of a process of incremental change, building on the CA98 introduction of representative actions for consumers, and in a way that demonstrated they are part of a balanced package. This package contained appropriate incentives to enable consumers and businesses to pursue legitimate claims and secure redress and appropriate safeguards to avoid unmeritorious cases and a litigation culture.

The Board approved the proposals based on the April consultation paper to go forward as recommendation to the Government and the team will now be working up the presentation of the proposals for final ExCo and Board approval whilst continuing to engage with the relevant parts of Government.

Item 3: ExCo report to the Board

CEO

Microsoft

The CEO noted the CFI's decision upholding the Commission's decision in the Microsoft case and the lively debate which had taken place at the Fordham conference last week.

Taxi market evaluation

The report on this evaluation study will be published shortly. It showed positive benefits for consumers but negative effects on efficiency due to excess entry to the market at prices, fixed by local authorities, which were above market levels.

Brian Stewart

The CEO noted the sudden death of Brian Stewart, the longest serving member of OFT staff, acknowledged the contribution that he had made to the office since its establishment. This contribution was reflected in the many messages of condolence which had been placed on the intranet for his family.

Executive Director, Policy & Strategy

Reviews

The forthcoming NAO review will evaluate our market studies work and follow up on the previous review of competition activities.

The Hampton Implementation Review commences in late October, with the results due at the end of the year. The team will be interviewing the Chairman and CEO as part of the process.

Farepak

We have been informed that Park Hampers has now set up the trust fund as it had agreed to do following the review of hamper saving schemes in the light of Farepak.

Executive Director, Markets & Projects

Anti-Money Laundering Directive

The project status is being reviewed following the discussion of the options at the last Board meeting.

Resources and Recruitment

M&P's resources are stretched which is having an impact on the progress of certain projects, for instance, the Construction Recruitment Forum. However, resources are being shared across the teams and groups within M&P as far as possible.

The Board, noting the impact of resource levels on various projects, emphasised the importance of, and strongly supported, the current recruitment initiatives especially for Directors and at grades 6 and 7. It considered that information on staffing and vacancy levels should be added to the regular monthly reports. It also requested a one line explanation of any changes to the milestone status of a project, in addition to the narrative report. Overall, the Board welcomed the further development of the new system of reporting.

Chief Operating Officer

Race equality

A report in the Guardian stated that 23 Government departments, including the OFT, were in breach of their statutory duty to comply with race equality legislation. The alleged breach relates to implementation of a change in the detail required for keeping records of staff numbers broken down by diversity indicators (race, disability, etc). The Cabinet Office will be writing directly to the Equality and Human Rights Commission to record its concern about the handling of this matter.

Assistant Chief Executive

Nothing to report.

General Counsel

S75

This matter was heard in the House of Lords this week. The judgment is due in November.

Director, Communications

The Dairy case had received substantial coverage, most of which was positive. Mike Haley had appeared on GMTV this morning talking about a major initiative involving the Serious and Organised Crime Agency in relation to mass marketing scams in relation to Nigeria, a subject that had also been reflected in that day's media coverage.

The Competition Commission's provisional findings in relation to Supermarkets is expected by the end of the month.

Comms has arranged for a team of journalists to visit the office in November to learn more about the OFT's merger work.

Item 4: Work of the Markets and Projects Infrastructure Group

The M&P Infrastructure Group provided the Board with an overview of its priorities, current workload and approach to portfolio development.

It was noted that the Group boundaries in M&P were not rigid, and that the ED would like to see an increase in the volume of the portfolio across M&P combined with further sharing of resources.

Item 5: Future of OFT: Organisational Modelling & Strategy

The Board received a short update on the Future of OFT project and work of the team to date. Key present, or planned, outputs were overall framework, portfolio management, market intervention strategies and core OFT functions.

The Board was advised that the project had given the ExCo a better view of all the work being carried out across the Office.

The team will be having a discussion with ExCo and the Senior Directors in November about the next steps, and will update the Board in December prior to wider staff engagement.

Item 6: Effective Project Delivery

The Board received a short update on this project.

The Board welcomed the progress that had been made and noted the plans underway to train staff on the new processes and demonstrate the benefits to those who might be sceptical. Leadership from the top and effective staff training are essential to secure effective embedding of EPD, which the Board strongly supported.

Item 7: Risk Management Policy & Strategy

The Board agreed that the Risk Strategy document could be issued to staff as a 'working draft', subject to certain changes. These included: enhanced examples, and the clarification of roles and responsibilities including the individual responsibilities of Executive Directors and the Communications Director.

The Board asked if the definition of 'risk' used in the document had been

tested with staff. It was confirmed that the definition had been used in the risk workshops, and there was no suggestion from discussions that the definition was not understood.

The Board felt that it was important to test the practical application of content of the document with staff and obtain feedback. The document could then be reviewed in the light of experience for finalisation in about a year's time.

Item 8: ICT Strategy

The Board received a presentation from the IT team and CapGemini on an approach to a new ICT strategy.

The Board noted that the preliminary assessment of the capital cost was very substantial, as was the preliminary assessment of the benefits.

Supporting the overall high-level approach outlined, the Board noted that effective staff engagement, ensuring that the ICT strategy met the various different needs of the business, and tight project management would be essential.

The Board stressed the importance of excellent ICT for staff to support their work and endorsed in principle the creation of an ICT Governance Forum to take the project forward.

The ICT Strategy would be developed in the coming months and would come back to the Board for more detailed consideration in December.

Item 9: Any other business

The Chairman thanked Alan Giles and Bronwyn Curtis for joining him at a 'Meet the Board' lunch with staff earlier this week. Feedback had been very favourable, with staff welcoming the informal atmosphere and ability to find out about the Board and ask questions about anything of concern to them. A second session will be held on 10 October.

Papers below the line

Item 10: Conflicts of Interest/Rules of Procedure

The Chairman asked the Board to provide any comments on the draft by 11 October.

Francesca Seymour
Board Secretary
5 October 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 1 November 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Jonathan May

Sean Williams

Lord Blackwell

Bronwyn Curtis

Alan Giles

Frederic Jenny

Richard Whish

Apologies

Allan Asher

OFT staff

Sonya Branch

Christine Cryne

Cavendish Elithorn

Richard Emmott

Ray Hall

Sarah Kaye

Brian McHenry

David Philpott

Siobhan Pointer

Neil Smart

Bart Smith

Christine Wade

Alan Williams

Rob Williamson

Graham Winton

Nina Woods

Ray Woolley

Executive Office

Erik Wilson

Francesca Seymour (Secretary)

Observing

Barney Wyld (Director of Communications (des))

Item 1: Minutes of the last meeting (4 October) OFT(07)9th minutes)

The Board accepted the minutes of the October meeting as a true record.

Additional Item: Supermarkets

The Board received a short oral report on the Competition Commission's provisional findings on this market investigation reference which had been published the previous day. The principal issues identified by the Commission (land agreements, planning, relations with suppliers and local concentration) were summarised together with the potential remedies under consideration. Further work would be carried out to identify the points that we would wish to raise with the Commission on their provisional findings and to identify the implications for the OFT of the potential remedies. A high-level response is required by the Commission before 30 November, with hearings following in December.

Item 2: ExCo report to the Board

The Board was advised of the following updates since the issuing of the ExCo report:

CEO

The CEO updated the Board on various recent meetings he had undertaken in the past month.

The CEO will be appearing on the Money Programme, which is devoted to bank charges, on 16 November.

The Trade and Industry Committee report was published on 24 October. It gave a favourable view of our work and progress since the NAO report.

The House of Lords report on Economic Regulators is due on 11 November, and it is likely that we will get a copy 24 hours in advance of publication.

Director, Communications

S75 of the Consumer Credit Act

Positive press coverage had been received on the House of Lords judgment ruling in the OFT's favour with regard to credit card companies' liability for overseas transactions.

Becta

Becta has made a complaint against Microsoft on the supply of software for use in schools, which had received coverage in the press.

Holiday scams

The OFT's holiday scam promotion at regional airports had gone well, with positive media coverage, particularly on Sky. The Board welcomed the visibility of OFT staff working publicly with consumers in this way.

Item 3: Consumer Direct and Consumer Voice

The Board received an oral report and discussed in principle whether Consumer Direct should take on 'Consumer Voice' - the first tier advisory roles of Energywatch and Postwatch - and the options for the structure of Consumer Direct following the expiry of the existing contracts in April 2010.

It was noted that whilst the type and flow of contacts in the post and energy fields were different to those currently handled by Consumer Direct (e.g. more emails, spikes in call numbers caused by price rises or service problems, business callers in relation to post matters), this would be a logical development of Consumer Direct.

A further update would be provided to the Board in December, and the business case would come to the Board for decision in February 2008.

Item 4: CCA 06: Changes to the licensing regime

The Board received written and oral reports. Consumer Credit accounts for 10 per cent of the OFT's budget, and 20 per cent of OFT staff work directly in the credit area. The changes resulting from CCA 06 come into effect in April 2008, and will increase the OFT's workload as new types of activity will become regulated activities. In operating the licensing regime, the OFT will be required to assess credit competence, and to have regard to 'irresponsible lending'. Five key challenges and risks around the project were identified:

- Successful implementation on time - the team considered that it had identified the issues and was taking the necessary steps.
- Funding and fees - approval from BERR and HMT is required for any fee increase. Early discussions were taking place to ensure timely approval.
- Consistency of enforcement - the team is looking at the competence of high-risk businesses, drawing on industry expertise, and proposing a step-by-step approach to the new licensing regime without adding unnecessary burdens on business.
- Irresponsible lending - the team is proposing to refine the basic guidance on which consultation had already taken place as an initial step and also to carry out a consultative study on the application of this concept in the various different credit markets.
- Partnership with LATSS - whilst there is no change in the relationship in relation to enforcement, LATSS will also be needed to gather information on competence in relation to businesses engaging in high-risk activities. Finalisation of the contracts with LATSS for this work is a priority.

The Board was advised that the main challenge would be to develop practical, credible measures of irresponsible lending. Whilst there were

widely held general concerns about lending practices, there was no consensus within the industry and among experts on specifics within the various credit markets.

The Board was content with the proposed approach, and emphasised the need to be flexible and to avoid unnecessary burdens on the industry. In the initial stages, general guidance on principles was likely to be more helpful to the industry than 'hard and fast' rules, and this guidance could then be developed as experience was gained and dialogue with the industry continued.

A further paper on the cost of the new regime and the impact on fees and self-funding would come to the Board in December.

Item 5: Confidential issue

The Board discussed a potential change to policy, which was agreed.

Item 6: Work of the Markets and Projects Services Group

The Board received an oral report on the work of the Group, including in particular its work on personal banking.

On personal banking, there are two major projects underway: the market study and the Unfair Contract Terms (UTCCRs) investigation and legal case.

The focus of the market study is on the business model and strategy of the banks, including transparency and predictability of charges, variations between banks in similar charges, product complexity, ease and extent of switching, level of consumer understanding and engagement and the mix of income sources for the banks.

The focus of the UTCCR investigation is on whether or not the charges are 'core terms' and whether the way the fees are levied is itself unfair, whether terms are in plain English, whether fees are analogous to penalties, the relationship between charges and services, banks' practices in levying charges and the relationship between costs and revenues.

The UTCCR case commences in January 2008, with a judgment predicted

for April/May 2008. The timing of the publication of the market study has still to be confirmed but is likely to be in the early part of 2008 subject to the implications in relation to the UTCCR case being reviewed further.

The Board emphasised the importance of these projects to consumers and the value of continuing to seek to engage actively and constructively with the banks, especially at senior level, as well as with partners and other stakeholders.

It was agreed that this issue should return to the Board in January or February 2008.

On the work of the Services Group, the Board noted the present focus on the delivery of existing work (especially in personal banking), building capacity and capability and developing pipeline work. The three other major projects are MasterCard; Faculty of Advocates (anti-competitiveness of Scottish Bar rules) and Credit Card APR comparisons. Currently, available resources are being focussed on the personal banking work. For the future, the priority for the Group is to develop its pipeline, especially in relation to non-financial services.

Item 7: Annual Plan

The Board was reminded that the OFT has a statutory obligation to prepare and consult on an annual plan. The Board reviewed and gave high-level comments on the draft circulated last week. It was noted that the draft had benefited from initial input from partners and key stakeholders, who had welcomed our transparency and willingness to engage.

The Board emphasised the focus of the plan this year should be delivery. With this in mind, it recommended that the internal aspects of the draft made more succinct. It was also important to develop further the work the OFT undertakes to support business and the impact of its work on the economy.

The Board would receive a final draft electronically in the following 24 hours, and was advised to send any additional comments directly to the team by 9 November.

Item 8: Regulatory Enforcement and Sanctions Bill

The Board discussed implications of the forthcoming Bill for the OFT.

Item 9: Any other business

Rules of Procedure and Conflicts

The Board was advised that BERR has approved the revised conflict of interest guidelines for the Board. The revised Rules of Procedure was formally approved by the Board, subject to the inclusion of two small amendments.

Papers below the line

Item 10: Update on RIPA and Criminal Enforcement

The Board noted the contents of this paper.

Item 11: Personal Current Accounts: UTCCRs

This was covered as part of Item 6.

Item 12: Personal current accounts: market study

This was covered as part of Item 6.

Francesca Seymour
Board Secretary
2 November 2007

Minutes of the Office of Fair Trading Board Meeting

Thursday 6 December 2007

Present

Philip Collins (Chairman)
John Fingleton (CEO)
Jonathan May
Sean Williams
Lord Blackwell
Bronwyn Curtis
Alan Giles
Frederic Jenny
Richard Whish

OFT staff

David Beckett
Anna Benedicic
Simon Brindley
Sonya Branch
Ray Hall
Brian McHenry
Tracy Moore
Ali Nikpay
David Philpott
Hannah Priest
Catherine Pulvermacher
Ann Pope
Nancy Race
Geoff Steadman
Noel Tarleton
Christine Wade
Barney Wyld

Executive Office

Erik Wilson
Francesca Seymour (Secretary)
Jennifer Halliday

In attendance

Sarah Kaye

Item 1: Minutes of the last meeting (1 November) OFT(07)10th minutes)

The Board accepted the minutes of the October meeting as a true record, subject to two amendments.

Item 2: Anti Money Laundering

The Board considered a paper concerning the interim monitoring and enforcement regime that needs to be brought into force on 15 December when the OFT's statutory duties commence, and whether a business case should be prepared for a registration scheme, or both a registration and non-registration scheme.

The Board was advised that the OFT has published guidance on its website on 1 November and would be responding reactively to intelligence obtained for enforcement purposes, as an interim monitoring and enforcement regime. It noted that the timetable for preparing the full business case by April 2008 was tight.

The Board was advised that the OFT has published guidance on its website on 1 November and would be responding reactively to intelligence obtained for enforcement purposes, as an interim monitoring and enforcement regime. The Board approved the interim arrangements, and to the business case being prepared for a full supervisory scheme based on a registration system as proposed.

This issue will return to the Board in April.

Item 3: CCA 06: Funding and fees for the new regime

Approval from the Board was sought for the increase in credit license fees to £240 and £595 for sole traders and corporate applicants from 6 April 2008. Subsequently, approval from BERR and HM Treasury will be required.

The Board was advised that this increase reflected the increasing work the OFT was undertaking in the credit area, and that fees were not out of line with similar registration schemes elsewhere. They are designed to recover costs under the new regime as our work now has to be self-funding.

The Board agreed the increase, the reasons for which needed to be communicated to the public in a clear way, emphasising the tangible benefits to consumers.

Item 4: Review of market studies

This review comes five years after the implementation of the Enterprise Act (EA02), and will assist those involved in the planning for the forthcoming National Audit Office value for money review. The Board was provided with an update on progress on the review which has ended phase 2 with phase 3 due to commence shortly.

The key findings noted that under EA02 some 40 projects; 29 market studies; eight market investigation references; nine super complaints and eight major reviews had been undertaken. The Board noted the valuable data collected and analysis carried out by the team on past studies (e.g. costs, duration, type, and success rate), stakeholder feedback (e.g. selection, relationship to CA98 enforcement, transparency, process and timing) and various recommendations agreed by ExCo to address these issues. It noted potential further work including policy on some key issues (purpose, criteria, Market Investigation Reference issues, revision of existing guidance and preparation of new guidance and reinstating liaison work with OGD to identify potential studies).

The team are also planning to stage a conference in June 2008 on the OFT's market studies work.

The Board welcomed this valuable piece of work, and the plans for a high-level conference. It suggested that there be a series of smaller meetings with certain stakeholders and City law firms to explain market studies should be considered and that it was also important to engage beyond the legal community. The team was asked to consider pipeline work, in particular the identification of cases suitable for references to the Competition Commission, and whether the OFT was adequately informed about what sectors and issues were the subject of Government interest and concern where market studies might be useful.

Item 5: Medicines market study

The Board had been previously provided with the Executive Summary of this study, which is due to be launched publicly very shortly. Comments on the summary had been raised outside of the meeting and taken on board by the team.

The team explained that this work had been instigated as a result of numerous complaints from the industry and wholesalers that the OFT had received following Pfizer's announcement to introduce a new exclusive Direct to Pharmacies (DTP) scheme in March 2007. This work had been completed over seven months, using both in-depth analysis and intense stakeholder engagement. The team had endeavoured to take a wide-ranging view of the market, and a 'business friendly' approach.

The Board noted the links with our PPRS study and the main recommendations to Government in light of the risk and potential impact of increasing prices to the NHS and lower service levels. It also noted the possibility of further OFT intervention if exclusive DTP schemes became widespread giving rise to competition concerns. It approved the publication of the study subject to some fine-tuning of the executive summary in the light of comments received prior to and at the meeting.

The Board congratulated the team on their work given the complexity of the subject and on the tight timescale within which it had been delivered.

Item 6: Work of the Markets and Projects Goods Group

The Board was presented with an overview of the work of the Goods group for information.

There are a number of key projects in the group which are still being pursued. The Board noted that this and other recent presentations emphasised the importance of addressing reward and retention issues as well as those relating to work/life balance. It recognised that ExCo was already working on these issues and would be coming back to the Board early in 2008.

Item 7: Debt and indebtedness

The Board welcomed a paper setting out the OFT's responsibilities in regard to debt and plans for increasing consumer awareness around this issue.

The team advised the Board that there was some overlap of roles between the OFT and the FSA, which needed to be clarified through joint discussion. It was noted that expectations on the OFT in this area are high, and that this work has been developed proactively, rather than reactively.

The Board questioned taking the OFT's role in making markets work well for consumers into a more generic consumer education role, and whether this was a good use of resources. The team advised that much of the OFT's consumer education work was carried out in partnership, and a major new programme of work was not envisaged.

Given the various responsibilities of other agencies and Departments in this field and the risk of misunderstandings among external stakeholders about OFT's role, the Board agreed that we should therefore engage further with FSA to agree a joint strategy on consumer credit education and awareness. We should also develop an external communications plan to explain our responsibilities, powers and actions in the area of credit

and indebtedness.

The CEO announced that HM Treasury has offered a further £2m to extend the Save Xmas campaign. This could be widened to include home credit and go some way to addressing the lack of understanding on the part of vulnerable consumers. This work will not cross into FSA territory.

Item 8: ExCo Report to the Board

CEO

The CEO updated the Board on a recent meeting with HM Treasury.

Executive Director, Markets and Projects

House building

Following the announcement by the NAO that it intends to review the planning system, the house building market study has been re-scoped to focus on the post-planning market. A steering group meeting will be held next week.

Executive Director, Policy and Strategy

Hampton Review

The draft report, following interviews with staff across the OFT, is generally positive. Some questions have been raised on levels of transparency, stakeholder engagement and the OFT's relationship with Trading Standards, all of which we are working to address.

Regulatory Enforcement Sanctions Bill

It has now been decided that the OFT will be named on the face of the Bill. Plans are underway, if necessary to have this put forward on behalf of the OFT, and steps will be taken to ensure the wording of the obligation on us is consistent with that which applies to Ofcom under the Communications Act.

Executive Director, Corporate Services

Data security

The issue of data security is currently being looked at, which includes making staff aware of their obligations and a review of internal procedures. The Board flagged the issue of access to data by temporary staff which will also be considered.

General Counsel

Cityhook

The High Court has granted a judicial review of our decision to close the Cityhook case on administrative grounds. Nothing further is known at present.

Item 9: Any other business

Dairy/RPI

The Board was appraised of the work undertaken by the team on this case thus far and discussed issues around further work and handling.

Papers below the line

NAO Review 2008

The Board noted the content of this paper.

CCA 06: Implementation/transition budget

The Board noted the content of this paper.

Consumer Direct/Consumer Voice

The Board noted and approved in general terms the recommendations made for the future scope of Consumer Direct. It noted, the Thoresen Review project, currently being piloted by Consumer Direct North West, and also the request received from the City of London police to consider acting as the initial contact point for fraud enquiries. The Board considered that Consumer Direct should only become involved in areas within the OFT's area of expertise and the agreed scope for Consumer Direct. The Board would revisit this further when looking at Consumer Direct again early in 2008.

Francesca Seymour
Board Secretary
7 December 2007