

Minutes of the Office of Fair Trading Board Meeting

Friday 3 October 2008

Present:

Philip Collins (Chairman)
John Fingleton (CEO)
Lord Blackwell
Vivienne Dews
Alan Giles
James Hart
Frédéric Jenny
Tony Lea
Philip Marsden
Jonathan May
Richard Whish

OFT Staff:

Claire Craig
Paul Latham
Barney Wyld

Executive Office:

Kyla Brand
Jennifer Halliday (acting Board Secretary)
Erik Wilson

Item 1: Minutes of the last meeting (4 September) OFT (08) 8th minutes and Minutes of the extra-ordinary meeting (16 September)

Both the full and the private minutes of the last meetings were approved.

Item 2(i): ExCo oral report to the Board

CEO

Macro-economic climate

The CEO outlined to and discussed with the Board how developments in the macro-economic climate could impact on the OFT and its future work and strategic focus.

Personal Current Accounts Roundtable

The Roundtable event on the 18 September involving banking and consumer stakeholders had been productive with an open expression of

views and the banks conveying a willingness to engage with the three categories of issues identified in the market study and an agreement on the need to move forward to address these.

CBI Interview and Presidents' Committee

The CEO gave an interview with the CBI magazine *Businessvoice* which was published in the September edition.

The CEO attended meetings with the CBI.

Chairman

External meetings

The Chairman reported on external meetings with business associations.

Executive Director, Markets and Projects & Policy and Strategy

Cardiff Bus

The case team are on track to publish shortly.

Leaks

The OFT is to submit a complaint to the police regarding leaks to the press of information relating to ongoing cases. Senior staff (including the Chairman and CEO via speaking engagements) will continue to convey messages to the external world about the importance of confidentiality and the responsibilities of those in receipt of confidential information and how failure to fulfil these responsibilities could prejudice OFT aims to increase transparency in the interests of business.

National Audit Office Report

The draft is progressing and we expect to be consulted on it in late October. A further update will be provided to the Board in November.

Executive Director, Corporate Services

Consumer Focus

Successful launch on 1 October, and the feedback is that Dataforce has performed well in planning for and taking over the additional contacts.

Director, Communications

Media

Successful media coverage on publication of Homebuilding market study, Door-Stop Selling campaign and the launch of Consumer Focus.

An independent study is being published which evaluates the impact of the Order put in place by the Government following the market investigation by the Competition Commission (CC) into extended warranties. The study concludes that although there have been a number of benefits for consumers some retailers are still not complying with the rules. In light of this, the OFT has written to retailers that do not comply with the Order, and is working closely with the Radio, Electrical, and Television Retailers' Association and the British Retail Consortium, to ensure that stores that sell domestic electrical goods are aware of their obligations in relation to extended warranties. The OFT will also continue to monitor the market, and consider further 'mystery shopper' exercises which may include testing sales staff on consumers' rights when purchasing extended warranties.

The Board noted that the study found that while consumers had benefited by around £51 million from the remedies, there was more potential benefit to be harnessed from comprehensive compliance. The Executive will consider the possibility of dedicating more resource to follow-up action and enforcement.

The OFT had presented another evaluation to Otto Thoreson and his group at HMT on the effectiveness of the OFT's campaign, 'Save Christmas' which was launched in response to the collapse of Farepack. The evaluation shows the campaign was highly productive, effecting real change in consumer awareness and behaviour.

Item 2(ii): Monthly Board Report: Pilot

Claire Craig, Senior Director of Strategy and Planning outlined the purpose of the discussion which was to seek the Board's feedback on the new-form monthly report to the Board in terms of content, style and required frequency. She stressed that this is a pilot and that, in response to the Board's feedback now and in the coming months, the report will be refined as work in progress until April 2009.

The Board welcomed the pilot as a real step forward in creating a single cohesive and coherent set of management information. The Board made a few initial suggestions for minor improvements in presentation and layout and, aside for the desire to see more segregated financial data, the Board was happy with the content.

Item 3: Audit Committee

The Board received and endorsed a paper from Tony Lea, the new Chairman of the Audit Committee. This highlighted a number of issues where the Committee had identified that action needed to be taken by the OFT arising from: the NAO audit of the 2007/8 accounts, the staffing and

operation of the Finance function, the new mandatory requirements from the Cabinet Office for data handling and managing information risk, and to progress business continuity planning and disaster recovery work.

Discussions between the Audit Committee, the Executive and the Finance team at the last Committee meeting indicated that the OFT were addressing these issues and that the Head of Finance was already making significant improvements to systems and processes and was in the process of finalising a 'Finance Improvement Plan' which will act as a template for future work. Tony Lea also noted that the Executive had committed to provide leadership for this work.

Item 4: 2008/09 Spend

The Executive Director of Corporate Services tabled a paper that further updated the Board on the OFT's overall financial position, taking into account the annual 5 per cent reduction in spend under the CSR07 settlement and the options the Executive is considering to address this and other exceptional pressures. The overall conclusion was that although we believe we can live within our budget for 08/09, it will become increasingly difficult in 09/10 and 10/11. The Board will receive a further update in November which will outline a developed plan of what the OFT intends to cut and why.

Item 5: OFT Communications Strategy

Barney Wyld (Director, Communications) and Paul Latham (Head of External Relations) outlined their submission to the Board which set out a vision, set of priorities and a work plan for the OFT's Communications Strategy including a set of 'top level' messages for the OFT. It recommended a proactive strategy to consolidate existing relationships and build a wider set of allies at senior levels and to ensure that our pro-market perspective is fully understood. It emphasised, in particular, the need to a focus on relations with business and in Whitehall and for the Communications team to provide protocols and structured and consistent support to OFT workstreams to ensure teams understand, plan for and embed communications implications and issues in their work.

The Board emphasised the need to dedicate time to further explain the OFT's mission of 'making markets work well for consumers', especially with businesses in their capacity as consumers. The Board suggested searching out fora to explain and emphasise the OFT's desire to 'help fair-dealing businesses to understand and work within competition law' (for example, the 100 Club of Finance Directors).

The Board emphasised the need to convey our messages to business beyond the level of directors and senior management. The Executive agreed and explained how the Transparency project will assist further in

this regard. The Board accepted that there is no one-size-fits-all for communications and that it is sensible to tailor messages accordingly.

Finally the Board asked as to the implications of the strategy for the internal communications function. The Communications Director acknowledged the need to constantly pursue the alignment of internal and external messages and pointed to the time the Communications team is spending with project teams to assist them in furthering their communications plans and strategy.

Subject to some changes to the text of certain of the key messages, the Board approved the strategy.

Item 6: Any other business and future agenda items

Authorisation from the Board to the Chairman

The Chairman tabled a paper that clarified points raised by the Board at the October meeting in relation to authorisation to the Chairman and the role of the Accounting Officer to replace the current authorisation signed in April 2003. In light of these clarifications, the Board approved the authorisation tabled.

Immediate Board feedback on Scotland visit

The Board was asked its initial views on the three events it had attended on the Thursday 2 October, namely with the Economy, Energy and Tourism Committee of the Scottish Parliament, with stakeholders representing consumers, business, the legal community and enforcement partners and with representatives of a cross-section of Scottish interests over dinner and the holding of the Board meeting itself in Edinburgh.

The Board considered that the events had been valuable and represented a further significant step in raising our profile and explaining our role and its importance for Scotland and the UK. The Board suggested the importance of follow-up. The Board viewed this as particularly important in terms of raising the understanding and awareness of the Scottish Government of the importance of competition and consumer policy and the role of the OFT.

Finally, the Board agreed the value of examining whether suitable locations outside London to hold occasional Board meetings or events involving Board members, which could make real inroads in disseminating the mission of the OFT throughout the UK.

Item 8: Points from Below the Line Items

Newspaper and Magazine Distribution

The Board received and approved the draft of the near-final form executive summary of the proposed decision on the market investigation reference request which has been discussed at previous meetings, including a pre-Board seminar. The importance of including in the publications a clear statement of the need to read the documents in conjunction with each other and the need to ensure careful and clear drafting regarding the distinctions between newspapers and magazines was noted.

Jennifer Halliday
(Acting) Board Secretary
17 October 2008