

Minutes of the Office of Fair Trading Board Meeting

Thursday 3 December 2009

Present:

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

OFT Staff:

Frances Barr
Claire Craig
Barney Wyld
Heather Clayton, Mary Starks, John Reynolds (Item 1)
Heather Clayton, Peter Lukacs, Mike Lambourne, James MacBeth (Item 2)
Simon Williams, Anne Pope, Andrew Groves, Nerilee Telford (Item 3)
Clive Maxwell, David Stallibrass, Claire Hart, Paul Gurowich (Item 4)
David Leech (Topical items)

Executive Office:

Rachel Christopher
Jennifer Halliday
Erik Wilson

Item 1: Market studies

The Board considered the following market studies: Home Buying and Selling and Second-hand cars.

Item 2: Local Bus Services market study

The team reported to the Board on its assessment in the light of responses to the consultation on the OFT's provisional decision to make a market investigation reference (MIR) to the Competition Commission (CC) which was announced on 20 August 2009. The consultation closed on 15 October 2009. The study found evidence that limited competition between bus operators in many local areas tends to result in higher prices and lower quality for bus users and may represent poor value for money for taxpayers. The study identified a number of features that the OFT suspects prevent, restrict or distort competition in the market for local bus services in the UK (excluding London and Northern Ireland).

Following its analysis of the consultation responses from, inter alia, industry, government, local authorities, passenger and trade bodies, the team recommended to the Board that it remains of the view that the statutory test for reference contained in section 131 of the Enterprise Act 2002 is met.

The Board agreed the recommendation to make a MIR to the CC.

Item 3: OFT competition case

The Board was updated on progress in an ongoing competition case.

Item 4: Update on bank charges investigation and the Supreme Court judgment

The team is now considering the options after the Supreme Court judgment. The team summarised progress to date against objectives. Transparency and switching have improved, and banks' revenue from charges may have declined. The OFT has committed to make an announcement of our next steps during December.

The basis for and scope of the investigation has been affected by the judgment but the team is currently assessing potential options for next steps, including legislation. The Board agreed with the OFT's current view that priority should be given to establishing the "forward solution" for charging structures.

The Board wished to be consulted if it is proposed to continue litigation and agreed that the decision on how to proceed can be made by the CEO in consultation with ExCo.

The Board thanked the team for all its work.

Item 5: ExCo oral and written report to the Board (monthly report)

CEO

Speeches

The CEO recently attended a Department of Culture, Media and Sport Select Committee. Google and local authorities and the media were discussed.

Director appointments

The recent appointment process has generated six offers for Director appointments—Mergers, International, Infrastructure and three consumer appointments. Two more Director appointments are under consideration, in Goods and Services.

Executive Director, Markets & Projects and Policy & Strategy

National Audit Office

The NAO is conducting a short review of the competition system.

Executive Director, Corporate Services

Consumer Direct

Issues with the rollout of a new IT system have affected performance. A fix has now been applied, which seems to be working well. However, these problems will affect the KPIs.

Second charge lending

HMT has now released a consultation document that recommends the responsibility for second charge lending moves from the OFT to the FSA. The OFT is currently considering its response.

Finance

At the end of October, the OFT is showing a potential under spend. The Audit Committee will consider the budgeting and forecasting process at its next meeting.

General Counsel

Appeals¹

The CAT has so far received 25 appeals in the Construction case. It is possible that there will be a few further appeals. This is a huge administrative task and cases may be grouped for more efficient handling. The Construction Recruitment Forum case has also been appealed by three parties, who raised issues of proportionality and fairness in relation to penalties.

Director Communications

Parliamentary reception

Lord Blackwell is hosting a reception on 8 December at the House of Lords on protecting consumers in the recession. Sixty MPs and Lords are expected to attend.

Campaigns and advertising

Three new campaigns have been launched—doorstep selling, lottery scams and consumer codes. These are supported by six television adverts which will be shown on national television at no cost to the OFT.

Staff survey

The recent staff survey had an 87% response rate.

Item 6: Topical items

Feedback on Board/SET offsite

The Board considered the offsite to have been very successful. The Board suggested more plenary sessions at the next event.

External Environment

The Forward Planning Committee continued to keep under review the external environment and what we should do to influence emerging thinking which might impact upon the OFT.

Item 7: Minutes of the Board meeting (5 November), future agenda items, below the line items and AOB

Review of high cost credit – publication of emerging evidence and interim research report

The Board received this paper for information only.

¹ Lord Blackwell was recused from the item on Construction.

Non-executive Board members' recruitment

The Chairman explained that the recruitment campaign is awaiting ministerial approval by the Minister and will hopefully be launched later in December.

Minutes

The Board approved the private and public minutes of the last meeting.

Rachel Christopher
Committee Secretary
10 December 2009