

Minutes of the Office of Fair Trading Board Meeting

Thursday 4 November 2010

Present:

Philip Collins (Chairman)
John Fingleton (CEO)
Alan Cook
Vivienne Dews
Alan Giles
Frédéric Jenny
Robert Laslett
Tony Lea
Philip Marsden
Clive Maxwell
Bill Moyes

Apologies:

James Hart

OFT Staff:

Frances Barr
David Leech
Barney Wyld
Sarah Berwick (Item 1)
Nicky Brown, Noah Curthoys, John Gibson, Kate Ivers, Michael Lacaille (Item 2)
Heather Clayton, Noah Curthoys, Lynn Francis, Chris Jenkins, Pete Lukacs, James Macbeth, Marcia Poletti, John Reynolds (Item 3)

Executive Office:

Erik Wilson
Rachel Christopher

1 Project Condor – Board review

The Board discussed the further work done by the Board Review team in preparing its report.

2 External environment

SR10 & implementation: update

The team reported the terms of the settlement from HM Treasury (HMT). The team reported that the internal business planning process will start soon and is based on the current state of the organisation and is wider than the direct implications of the SR10 settlement; it includes seven workstrands led by ExCo members

The Board reviewed the business plan agreed with HMT, and noted that this was due to be published online shortly.

The Board thanked John Gibson for this work on this project, noting that he will soon be seconded to the Cabinet Office.

Landscape: update

The Board discussed the current regime and the political environment.

Proposed approach to drafting, consulting on and publication of the Annual Plan 2011/2012

The team explained that the approach to the Annual Plan is different to previous plans. The plan will be streamlined and rationalised, with the draft plan for consultation being presented to the Board in December.

The Board asked about the relationship between the business planning timetable and the Annual Plan. The team explained that the timetable and relationship between these processes and SR10 is manageable although the impact of SR10 on budgeting and business planning has led to a change in the statutory consultation period from 12 to 10 weeks.

It was agreed that the draft of the Annual Plan will be discussed at the December Board with further updates at the March Board and possibly by conference call.

3 New projects and portfolio development

The Board discussed a number of new projects and the development of the portfolio across the organisation.

4 Update on existing projects

Advertising of pricing market study

This study has investigated possible harm from price-framing approaches (the team considered a number of specific business practices including drip pricing and time limited offers). The team consulted extensively and the main outputs from the study included a large consumer survey. The team's research found that many practices work at a sub-conscious level and will therefore continue to influence consumers even if misused, and can be particularly detrimental when combined with misleading advertising and pricing.

The Board found the study interesting and discussed the possible outcomes and supported the study which the OFT is due to publish in December.

Outdoor advertising

The team presented the results of the study which aimed to understand how the outdoor advertising market works across all of the relevant levels and to consider whether there are any distortions of competition or barriers to entry within the sector. The team recommended an approach to the results which the Board agreed. The Board thanked the team for its thorough approach to the work.

Infrastructure stocktake

The team presented the results of this stocktake which sought to clarify public understanding of ownership and control across the UK economic infrastructure sectors, including energy, water, communications and transport. The stocktake has allowed the team to build knowledge and capacity on the sector. The Board supported the transparent approach to the project and the learning opportunity given, and welcomed the report.

Barriers to entry in Retail Banking

The OFT's review of barriers to entry in retail banking published today.

Equity underwriting market study

The Board discussed the initial findings of this recent study which examined the way that the equity underwriting market works and assessed whether there is potential for improving the way it functions. A further update will be given at the December Board.

Mergers update

The Board was updated on recent mergers.

Flybe/Air Southwest

A press release will be issued on Friday reporting a 'no grounds for action' decision in this case.

Litigation report

The Board was updated on recent cases.

Policy

E-consumer protection strategy

The team reported that the public consultation closed 13th October and discussed the publication strategy with the Board.

Operations

ExCo quarterly and monthly report to the Board

The Board noted that this was the first time it had received the new format of both the quarterly and monthly reports. The Board suggested that a commentary on the risks in the reports would be useful. It also recommended that the inclusion and presentation of milestones should be reviewed.

Finance

The Board was updated on the current finances of the organisation.

Staff survey

The organisation has had a 93 per cent response rate on the recent staff survey. The results are due shortly.

Finance and risk committee

ExCo observed that it is now considering many issues that were previously presented at OpCo. Therefore, it plans to establish a Finance and Risk committee; its first meeting will be held this month and its role will include reviewing corporate risks as OpCo did previously. It will also review the risks presented to the Board in the monthly and quarterly reports.

5 Minutes of the Board meetings (27 September and 7 October) and AoB

The minutes were agreed with one small drafting correction to the full Board minutes.

6 Review of Board meeting; future agenda items; carry forward

The Board was asked to send any comments on carry forward items or the future agenda to Private Office.

Rachel Christopher

24 November 2010