

## OFT (11) 4th minutes

### Minutes of the Office of Fair Trading Board Meeting

Thursday 7 April 2011

#### **Present:**

Philip Collins (Chairman)

John Fingleton (CEO)

Alan Cook

Vivienne Dews

Alan Giles

Robert Laslett

Tony Lea

Philip Marsden

Clive Maxwell

Bill Moyes

#### **Apologies:**

Frédéric Jenny

#### **OFT Staff:**

Frances Barr

Barney Wyld

David Leech

Amelia Fletcher, Stephen Blake, Jackie Holland, Ali Nikpay, Nerilee Telford (Item 1)

Cavendish Elithorn, Jason Freeman, Simon Gunning, Robert MacDougall (Item 2)

Sonya Branch, Cavendish Elithorn, Louise Marfany, Geoff Steadman, Graham Winton  
(Item 3)

Kyla Brand, Ed Smith (Item 4)

Kate Ivers, Giorgio Plescia (Item 5)

David Fisher, Ray Watson (Item 6)

#### **Executive Office:**

Erik Wilson

Rachel Christopher

#### **Introduction to meeting**

The Board discussed the agenda.

## **1 Litigation**

### **Construction case update**

The Board discussed the judgments of the Competition Appeals Tribunal in the Construction case. It was noted that more judgments remain to be delivered and that the decision whether to appeal cannot be made until all have been delivered. It was agreed that this issue would be discussed further at the May Board. The Board thanked the team for its ongoing efforts and work on these cases.

## **2 Group portfolio presentation**

### **The OFT's Internet Lab, E-enforcement and their future**

The team presented an overview of the work of the Internet Lab, which was established two years ago with a grant from BIS. This autonomous unit seeks to build consumer confidence in online markets by investigating unfair trading practices that pose a threat to such confidence. In addition to direct consumer enforcement cases, it now also aims to provide general support to case teams across the organisation, including CA98 cases and market studies. The team's work has also generated significant external interest.

The Board suggested that the work of the lab should be better known, outside the OFT particularly to the Government and MPs, and recommended that it is embedded across the work of the organisation, whilst avoiding being a forensic IT resource. It asked about the use of evidence-gathering powers. The team noted that it also trains case officers from across the organisation and recommends that imaging a website should be a core skill for case officers, although digital evidence-gathering needs more specialised skills and should comply with ACPO guidance.

The Board strongly supported the innovative work of the Lab and the team.

## **3 External environment**

### **Competition and Market Authority (CMA) – development of OFT response to government consultation**

The Board discussed recent developments within the regime, and noted the appointment of Roger Witcomb as Interim Chairman of the Competition Commission. It was updated on BIS' plans for the handling the consultation. A high level coordinated response to the consultation is currently being prepared by teams across the organisation. The draft response will be further discussed at the May Board and in an upcoming Board conference call.

## **The Financial Conduct Authority (FCA) and Consumer Credit<sup>1</sup>**

The Board noted that there are two consultation documents on which to respond, related to the establishment of this organisation—credit and financial regulation. It discussed the potential outcomes of the consultation for the new authority and the powers and responsibilities it might have in relation to competition in financial services. The Board considered the team's proposals for the consumer credit regime and noted the public response from the Independent Commission on Banking (ICB) that the new authority should have a competition objective. It approved the organisation's approach in its response to the consultation.

## **Consumer landscape**

The Board was updated and discussed recent developments in the consumer landscape.

## **4 OFT strategy**

### **Maximising the value of OFT's Office in Scotland, Wales and Northern Ireland**

The team explained that it is three years since the OFT extended the remit of the Office in Scotland to cover Wales and Northern Ireland and relationships are now well-established in these areas with no diminution of visibility in Scotland. The team proposed a number of options for expanding the base in Scotland in order to increase the OFT's impact and also to ensure that interests in the devolved administrations were considered when developing the OFT's pipeline of work. The Board discussed the opportunities for basing staff or functions in Scotland as opposed to Fleetbank House, and the options for employment in Edinburgh. Further, the Board considered the opportunities for the consumer landscape and the relationship with TSS.

The Board agreed that the Office in Scotland should maintain the status quo in the current economic climate, and supported the ongoing engagement in the devolved administrations. The team agreed to further consider options for developing the Office in Scotland.

### **A more case led International strategy**

The team presented its strategy for the next two years based on a greater strategic focus and prioritisation of activities. The strategy is both internal and external-facing and seeks to support OFT project delivery and procedural and substantive convergence within the international system. The Board supported the move to make the International team's involvement in cases more mainstream and embedded across the organisation.

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<sup>1</sup> AC was recused from this item.

The Board noted the Government's strategic international economic and business agenda and agreed the need to respond to its priorities. In conclusion, the Board recognised the benefits from International's work both within the organisation and externally.

#### **OFT corporate strategy – follow up to Board awayday**

The team presented a slimmed-down strategy for the OFT as a follow up to the recent Board awayday. The Board approved the revised strategy and suggested it could be released publicly.

### **5 Organisational development**

#### **Update: OFT development (including staff feedback following the announcement)**

The team updated the Board on the recent organisational changes. These have now taken place. New management and leadership groups have been set up, responsibilities have been transferred, and budgets are currently being finalised. Anecdotal evidence suggests that the changes have been well-received. The Pipeline and Performance Group has now been established and is currently considering its work processes. Additionally, the revised EPD guidance has now been issued. A project is also ongoing to consider how best to link individuals within the organisational structure and the management team is now considering the emerging recommendations of a project on efficiency improvement. The Board thanked the team for the update.

#### **Business planning 2011–12**

The team sought approval of the 2011/12 budgets and highlighted that the organisation's KPIs and performance framework will be presented at the May Board.

The team has made an initial allocation of budgets to the teams and will review these in July. The budgets are currently predicated on the old organisational structure and this will be amended in the near future, when all final budgets have been agreed.

The Board asked about the long term sustainability of the financial plans for the organisation. The team noted it is working to introduce leaner processes and other initiatives to increase efficiency and to reduce costs.

The Board approved the budgets and supported the associated plans.

## **6 Operations**

### **Work of Consumer Credit group**

The team presented its work to the Board, highlighting the number of changes to the Group in the past three years. These include the introduction of the Consumer Credit Act 2006 which gave the organisation new powers; the team also adopted a risk-based approach to its work and allocated resources appropriately, prioritising enforcement cases in higher-risk areas. The Group receives significant external interest in its work. The Group issues a number of guidance documents and updates these regularly. It seeks a wider market benefit within all its work.

The Board supported the work of the Group and thanked the team for its work.

### **Audit Committee update and January minutes**

The Chairman of the Audit Committee reported that the minutes of the meeting on 11 January had been approved at the recent meeting on 24 March. The Board was updated on this meeting.

### **Finance update**

The Board was updated on this area.

### **CD/Citizens Advice**

The organisation has now received and has commented on high level plans for CD from CitA and CAS.

### **Monthly executive report to the Board April 2011**

The Board received and discussed this report.

## **7 Update on existing projects**

### **Litigation**

It was agreed that an update on current litigation would be circulated to the Board in writing.

### **Equity underwriting market study**

The Board was updated on this market study.

### **Review of accountancy and audit market**

The Board was updated on the organisation's work in this area.

**Consumer cases**

The Board was updated on a number of cases.

**8 New projects and portfolio development****Super-complaints**

The Board was updated on the super-complaints.

**9 Minutes of the Board meetings (3 March) and AoB****Minutes**

The Board approved the private and public minutes of the last meeting subject to some small changes.

**AoB**

Alan Cook announced his resignation from the Board following his decision to take up the position of Chairman of Irish Life & Permanent Holdings PLC. The Board thanked him his valuable contribution to the Board's work over the past year.

**Future Board meetings timetable**

It was noted that appointments for Board meetings and awaydays in 2012 will be circulated shortly.

Rachel Christopher

**Executive Office**

27 April 2011