

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

**Thursday 3 April 2008**

**Present:**

Philip Collins (Chairman)  
John Fingleton (CEO)  
Jonathan May  
Vivienne Dews  
Lord Blackwell  
Bronwyn Curtis  
Alan Giles  
Frederic Jenny  
Richard Whish  
Tony Lea

**Apologies:**

James Hart

**OFT Staff:**

Frances Barr  
Sophia Bhatti  
Sonya Branch  
Louis Christofides  
Heather Clayton  
Christine Cryne  
Andrew Groves  
Tom Heideman  
Ali Nikpay  
Barney Wyld  
Omar Yaqub

**Executive Office:**

Erik Wilson  
Jennifer Halliday  
Tracy Moore (Acting Secretary)

**Item 1: Minutes of the last meeting (6 March) OFT (08)3<sup>rd</sup> minutes**

The minutes of the last meeting were approved subject to minor amendments.

**Item 2: Consumer Direct**

Christine Cryne gave an update on Consumer Direct (CD) and Consumer Voice (CV). The current estimate on the total investment required to improve CD systems and to take on CV is £7m. The differing CD systems need investment to ensure long term sustainability, value for money and an improvement in service levels.

This topic will come back to the Board in May, with additional information on funding and the business case.

**Items 3 and 4: Case updates**

The Board was updated on progress made in ongoing live cases.

**Item 5: Risk**

Sophia Bhatti provided an update on progress, an outline of future activity and a summary of the key risks. Training sessions have been delivered to staff, along with guidance and other support information on the intranet. Further training is planned.

A further more detailed paper will be coming to the Board in May, with further progress to be reported around September/October 2008.

**Item 6: ExCo report to the Board**

**Senior Director Infrastructure, Markets and Projects**

Northern Rock (NR)

Concerns have been expressed by the UK banking industry and opposition that Government guarantees/State ownership will give NR an unfair competitive advantage in the market place both in securing funding from the markets and in gaining deposits.

The OFT has been asked to produce an annual report on whether Northern Rock's public ownership is distorting competition. The exact terms of reference for this have not been agreed. It was noted that this would be entirely separate from the European Commission's review of the application of the state aids rules.

## Supermarkets

The Competition Commission has decided not to publish the full text of our submissions on remedies but will be dealing with them in its report.

## Jet2/Ryanair

Last August, as a result of CPG intervention on misleading pricing, various airlines changed their web-sites so that their displayed prices included all mandatory elements. Some have now begun not to do so again. In addition, the ASA is to refer Ryanair to us in relation to various instances of misleading advertising. CPG will be taking forward.

## **Executive Director, Policy and Strategy**

### Private actions

The draft consultation document is with the Minister, publication is scheduled for April. Timing for a Fourth Session Bill will be tight.

### Economic research reports

Two will be published this month on:

- consumer detriment (valued at £6.5 billion) which show problems mainly lie in the housing and financial services sector, with the latter accounting for around 50 per cent of the total; and
- assessing the effectiveness of potential remedies on consumer markets.

## Merger guidance

We have agreed to prepare new joint guidance on mergers with the CC to replace our existing individual guidance.

## **Executive Director, Corporate Services**

### Financial reporting

End year figures and forecast are included in Board papers. These showed a provisional £800k underspend for the year as well as is a £1.2m underspend in the ring fenced Litigation budget. We are assuming we may have to set aside £500k for Morrisons. Further work was needed to verify the figures and a further report will be provided next month.

## **CEO**

### Budgets

Allocation of budgets for 08/09 has proved difficult, with groups seeking more people, based on existing vacancies, than OFT could afford. Lessons have been learned for next year.

### SCS recruitment

The paper in the Board pack shows we have recruited some twenty new staff over recent months, mostly economists and lawyers. We have also made senior appointments to Comms and HR. Nine of the appointments were internal promotions.

### Next quadrilateral with BERR/HMT/CC/OFT

Topics will be concurrency, markets studies and market investigation references, small cases and compulsory merger notification.

### Better regulation

We have pushed back at a senior level on the BRE suggestion of a six monthly monitoring programme. This is not appropriate given OFT has an independent Board.

**Item 7: Any other business**

Finance Director

Darryl Fernandez will be leaving the OFT at the end of May to pursue his career elsewhere and we wish him well in the future. He will be on leave from work in the period up to his departure. Vivienne Dews and Erik Wilson will be starting the search for a new Finance Director shortly.

Board awayday

It was confirmed that the competition regime and institutional issues would be one topic for the Board away day. The agenda for the away day will be discussed at the May Board

Board/Council Working Group

To help with the discussion paper for the next Board/Council meeting in July, the Board was asked if it would be willing to share Board papers showing examples where we chose (1) to make a reference (Airports) and (2) not to make a reference (PPRS). The Board agreed, in principle, for examples to be provided.

**Tracy Moore**  
**Board Secretary (Acting)**  
**8 April 2008**