

Minutes of the Office of Fair Trading Board Meeting

Thursday 11 January 2007

Present

Philip Collins (Chairman)

John Fingleton (CEO)

Jonathan May

Allan Asher

Lord Blackwell

Richard Whish

Rosalind Wright

OFT Staff

Daniel Caister

Cavendish Elithorn

Lynn Francis

Daniel Gordon

Chris Jenkins

Brian McHenry

Ann Pope

Barbara Powell

Debbie Samosa

Bart Smith

Vincent Smith

Simeon Thornton

Christine Wade

Graham Winton

Alan Williams

Simon Williams

Rob Williamson

Omar Yaqub

Executive Office

Francesca Seymour (Board Secretary)

Erik Wilson

**Item 1: Minutes from the last Board meeting (7 December)
(OFT(06)11th minutes)**

The Board accepted that minutes were a true record.

Item 2: ExCo Report

The Executive provided the Board with key updates on their respective areas:

CEO

Default charges

The team agreed to undertake a scoping study into default charges in September. The Board said that it would welcome a more detailed discussion on the principles and policy relating to retail banking at the March meeting.

ExCo objectives

Planning to set out ExCo's objectives for 2007-08 is underway and will be discussed with the Director Group. The objectives as drafted will be revisited in March/April.

Policy & Strategy

Competition casework guidance

This work is completed and guidance will be issued in the next two weeks. This was one of our commitments from the National Audit Office review.

Debt strategy

The team is looking at what we have in place and what role we should play in conjunction with the FSA and others. More generally, Ray Watson and his team are looking at the strategy planning for the organisation and linking this work to budgets.

International

The Board noted that a review of our competition and consumer international work has commenced. This will include an evaluation of the benefits from our work to date, and what we can and should contribute to the wider international debate.

Markets & Projects

Effective Project Delivery (EPD)

The EPD initiative has been launched and the implementation plan agreed for the next six months. The first Advisory and scrutiny Boards (ASBs) have also been appointed.

Government reviews

The teams have been working on strategies following the Gowers (intellectual property), Rogers (priority setting for Trading Standards Services) and Eddington (transport) reviews.

George Osborne MP

The Board was advised that George Osborne has written to the CEO voicing his concern about lack of competition in the energy market. Daniel Gordon has contacted Ofgem, and the CEO's response will explain our respective roles.

New roles

The Board asked for clarification of the new roles, which were explained as follows:

- 1 Senior Responsible Officer – responsible for navigating the work of the project across the office
- 2 Sponsor – strategic management of the project
- 3 Team Leader – responsible for day to day management of the project

Chief Operating Officer

Comprehensive Spending Review (CSR07)

This is almost ready to be finalised, save for a couple of technical points. The next step will be for the CEO to write to the Chief Secretary of the Treasury to confirm that we are content with the proposal.

On matters discussed at the December Board meeting:

- There remains some risk surrounding fees from Consumer Credit Licensing as Secretary of State approval will be required in setting them.
- Anti-Money Laundering regulations are not yet finalised, although the current draft takes account of our concerns.
- In common with the CSR02 settlement, HM Treasury (HMT) is providing comfort that it will assist with litigation fees above the level of our reserve, should this be required.
- The -5 per cent saving will also apply to Consumer Direct, HMT having been unmoved by our argument that we are constrained by contracts with contact centre operators until 2010. The 'ring fence' will be removed from CD with the new spending round, so we will be in a position to allocate resources as we deem appropriate.
- On Consumer Voice, it will be important to ensure that additional responsibilities are appropriately funded. HMT's position is that the variation in scope of such responsibilities means that it cannot be taken into account in the present settlement.

Civil Service dispute

The Board noted that industrial action by the Civil Service unions on 31 January was very likely.

Assistant Chief Executive

The Consumers, Estate Agents and Redress Bill

Both the Chairman and CEO have been involved in the discussions taking the work on the Bill forward and this topic will be raised at the weekly ExCo meetings. A Co-ordination team has been set up to ensure that the OFT's views are submitted wherever necessary.

Rogers review

David Fisher is leading the input to this review which aims to set five national priorities for Local Authority Regulatory Services (Trading Standards and Environmental Health).

General Counsel

Assirati/Branigan/Cityhook

The OFT succeeded in the appeal on the Assirati case closure decision. Brannigan and Cityhook are both still ongoing.

Director of Communications

Scams campaign

This is launched in February. The teams are visiting key regions and creating good relationships with our TSS partners, who are indicating that they are happy to deliver messages for us.

New website

The new website is scheduled to be launched in February. There is a Cabinet Office project underway (Transformational Government) which is looking to amalgamate a number of existing websites into the Direct Government website.

Item 3: OSC and RIPA

The Board discussed ongoing work in these areas.

Item 4: SME Banking

The team has carried out its review, and proposed that the Board accept its recommendation that the OFT should advise the Competition Commission to release the four main banks in England and Wales from transitional undertakings.

Following discussion, the Board agreed with the team's recommendation. The recommendation will be referred to the CC by the end of January.

Item 5: Board/ExCo relationship/beagle handover to ExCo

The Board was updated on the progress made to date on the change programme. It noted that going forward more work needed to be done on developing the culture of the organisation, with the focus being on the soft skills that staff needed to develop as managers and leaders. In addition, more needs to be done to give staff ownership of their work, and to make them more accountable. The Annual Plan process and financial systems are being brought into line with the new structure.

The Board commended Cavendish Elithorn and the Beagle team for achieving the launch of the new structure on 2 October with minimal disruption to the day to day work of the organisation.

Item 6: PPI

The team had carried out the statutory consultation on a proposed reference to the CC on the supply of PPI on all credit products with the exception of storecards. Few responses, but they were generally in favour of a reference.

The Board gave its approval to proceed with a reference to the CC as proposed. It congratulated the team on a good paper and thorough project overall.

Item 7: PPRS

The team sought views and comments on the Executive Summary of the PPRS report. The report recommends that the Government amend the

scheme, replacing existing controls with a value-based approach to pricing. This will result in better value for the NHS and more choice for consumers.

The Board was content with the publishing of the proposals and made various suggestions regarding their presentation.

The Board commended the team for an excellent report that dealt comprehensively with difficult issues. It was particularly complemented for its management of the key stakeholder relationships.

Item 8: Any other business

Forthcoming dates

The Board was reminded that the staff conference is taking place on 25 April at Barbican, and that the Board Away Day is scheduled for 22-24 May.

House of Lords Select Committee on Economic Regulators

We are providing written evidence to the Committee by 9 February, and the CEO will give oral evidence on 27 February.

Papers below the line

Item 9: Management accounting information

The Board noted the information provided for the period ending 30 November.

Item 10: Funding from the OFT and End Year Flexibility

The Board approved the ExCo proposal to go to HM Treasury for a draw down of EYF.

Francesca Seymour
Secretary to the OFT Board
12 January 2007