

Minutes of the Office of Fair Trading Board Meeting

Thursday 1 June 2006

Present

Philip Collins (Chairman)
John Fingleton (CEO)
Allan Asher
Lord Blackwell
Christine Farnish
Richard Wish
Rosalind Wright

OFT Staff

Cavendish Elithorn
Darryl Fernandez
Brian McHenry
Jonathan May
Mike Ricketts
Bart Smith
Vincent Smith
Christine Wade

Board Secretariat

Erik Wilson
Francesca Seymour (Board Secretary)

External Consultants

Richard Goodson
Marietta DiCiacca
(Impact Plus)

Item 1: Minutes from the last Board meeting (11 May) (OFT(06)5th minutes)

The minutes of the last meeting were accepted as true records.

Item 2: Divisional Directors Reports

Divisional Directors provided the Board with key updates on their respective areas:

Corporate Services

OFT websites

OMG will be discussing a proposed piece of work which aims to rationalise the 7 OFT websites (2 external, 5 internal), and to make them more efficient.

Management Development Programme

Tendering for the management development programme is underway. The programmes will be developed during July and August for roll-out in September.

IT

A project plan is being drawn up for the allocation of Blackberries and the move to Broadband. Some points regarding security are still to be addressed. Although we will remain on the GSi network for the time being, this will be kept under review. The Board was advised that there would be additional costs in running two parallel systems. It agreed that consideration should be given to leaving the GSi network.

Annual appraisals

The Board asked if there had been any changes in the spread of markings this year. The bias by race and gender had gone, but it is still the higher grades that receive the top marks. It was noted that this was not unexpected and common across most organisations. General feedback on the changes that have been made to the system had been welcomed.

CRE

Default charges

Responses have been received from most of the major 8 banks. No response has yet been received from Lloyds, despite recent press coverage on their charges. The team is in the process of chasing the 20 smaller providers. Early signs are that the work has been successful in addressing consumer detriment in this area.

Trading Standards programme

A consultation document on the Trading Standards Service (TSS) Action Plan has gone to TSDs. Comments received thus far have been positive, and a full breakdown of the response and more detail on the Action Plan itself will come to the Board in July. A secondee from Devon TSD, Paul Thomas, has joined OFT to assist on this project.

The Board was provided with an overview of OFT's relationship with TSDs. The Chairman and CEO will be both speaking at the forthcoming TSI conference; the Chairman's speech will cover the work of OFTPlus, while the CEO will concentrate on Trading Standards work on the ground in both the consumer and the competition field.

LBRO

Christine Wade continues to attend steering group meetings, and the DTI is developing greater clarity to the role of LBRO.

Money laundering directive

The CEO has discussed this with HM Treasury, and indicated that this work would not sit well with the changing structure and remit of the OFT. The Board agreed that it supported the position already taken.

CE

NMD

Press coverage on the NMD opinion was noted.

Celesio

The judgment made good points about third party representation. The points made on the merger process are under review.

Independent Schools

The Board noted that the schools settlement had been well-received as a sensible and pragmatic approach. The next step is to set up a Board of Trustees to administer the trust fund.

MPI

Airports

The potential market study was noted and the matter would come back to the Board in late June.

Communications

The Chairman and Board thanked Mike Ricketts for all his efforts as this was his last Board meeting prior to retirement on 6 July.

PAC report

This had been published. The CEO had an interview with Michael Peel (Financial Times) and had appeared on the Today programme, both of which went well. The minute to HM Treasury is due at the end of June.

Tracking research

The latest research showed an increasing awareness of competition policy, and of the OFT more generally. Highlights of the research may be followed up by some publicity at a later date.

Litigation

The new report from Litigation was noted and considered to be very helpful.

Staffing of the Litigation Unit

The Board noted that the establishment of the Litigation Unit had resulted in a substantial saving in our Treasury Solicitor's costs.

Item 3: CSR07 and zero-based review

The Board was given a presentation on work undertaken thus far on the zero-based review requested by HM Treasury. Two consultants from Impact Plus (Richard Goodson and Marietta DiCaccia) joined the meeting for this Item.

The review covered four activities with the objective of assessing the required activities and resource levels for the CSR07 period and where potential savings could be made in the future.

Consumer Direct

The Board suggested that a comparison of elements of other call centres should be examined. The Board noted that the scenarios did not take into consideration the impact of Consumer Voice.

Going forward work needed to be done on the quality of the data coming out of Consumer Direct, which will come to the Board at a later date.

Accommodation

This review considered where we are located as well as what space we need to occupy. By relocating to smaller premises, moving to open plan and taking on board new ways of working (e.g. hot-desking and new technology) it is envisaged that significant savings could be made relative to current costs.

Back office services

It was noted that changes to the structure of the office could result in savings. The Board was advised that there were no services that should be stopped completely, but that noted as a small organisation, there could be cost benefits in sharing some services with others in a similar position.

Consumer activities

This area included CRE, Consumer Education, Adjudication and Legal. The Board noted that the team was not able to get a true zero-based approach due to the limited definition of outcomes.

The CEO will write to HM Treasury on 2 June. The performance framework and development of costed delivery plans will take place between June and November.

Item 4: Board appointments

The Chairman advised the Board that the DTI has approved the proposal for the new Executive and Non-Executive appointments.

Item 5: Project Beagle update

The Board was updated on the work of Project Beagle to date, which covered the establishment of the sub groups and engagement with staff.

The Board noted the new structure of the OFT, and the process for filling senior posts. Any suggestions were to be passed to Cavendish Elithorn.

A fuller update will come back to the Board in September.

Item 6: Any other business

Future agenda items

It was noted that the TSS Action Plan will come to the Board in July.

TSI conference

Allan Asher is attending the TSI conference, and it was suggested that he engage with elected members and Chief Executives.

Papers below the line

Item 7: Management accounting information

The Board noted the information provided for the month ended 30 April.

Item 8: Audit Committee minutes

The Board noted the content of the Audit Committee minutes, and that a paper on risk management would be taken at the July meeting.

Francesca Seymour
Secretary to the OFT Board
2 June 2006