

Minutes of the Office of Fair Trading Board Meeting

Thursday 5 October 2006

Present

Philip Collins (Chairman)
John Fingleton (CEO)
Allan Asher
Lord Blackwell
Richard Whish
Rosalind Wright

OFT Staff

Rosie Aujla
Nigel Cates
Sue Cook
Fiammetta Gordon
Alex Hunter
Gover James
Chris Jenkins
Sarah Kaye
Jonathan May
Brian McHenry
Siobhan Pointer
Simon Priddis
Chris Rawlins
Debbie Samosa
Bart Smith
Vincent Smith
Christine Wade
Rob Williamson
Tim Wilson
Graham Winton

Private Office

Erik Wilson
Francesca Seymour (Board Secretary)

**Item 1: Minutes from the last Board meeting (7 September)
(OFT(06)8th minutes)**

The minutes of the last meeting were accepted as a true record.

Matters arising:

Office of the Surveillance Commissioner's report

Following the Chairman's response to Sir Andrew Leggatt a request for an inspection has been received from Sir Christopher Rose (Sir Andrew's further successor). The Chairman has replied saying that another inspection may be of more benefit if held in a couple of months time.

Item 2: Divisional Directors Reports

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

Corporate Services

BlackBerrys

The roll-out programme for the issue of BlackBerrys is underway.

Facilities Management multi-activity contract

Savings expected following the appointment of the new supplier have been higher than anticipated – around £1m.

Comprehensive Spending Review 07 (CSR07)

HM Treasury is keen to settle this month. A business case on how we will use End Year Flexibility has also been requested.

The closure of Craven House was completed to meet the original target date. The CCLB IT system has been funded, but a delay in testing has meant that it is not yet operational.

Market Policy Initiatives

Pharmaceutical Pricing Regulation Scheme

A meeting with the Association of British Pharmaceutical Industries (ABPI) had exposed OFT's thinking on changes to the current system, with which the ABPI are broadly content.

Consumer Codes Approval Scheme Evaluation

It was confirmed that the delay in this work was not due to any serious problems.

Consumer Regulation Enforcement

Consumer Direct

The feasibility study looking at whether FSA consumer calls should be taken on by Consumer Direct is on hold. There has been excellent cross-office take-up of visiting call centres. The COO is discussing costs of Consumer Direct with Christine Cryne, who will come to either the November or December Board meeting. It was noted that call volumes were exceeding current capacity.

Consumer Voice

There is no news on the nature and timing of a decision on Consumer Voice at present.

Competition Enforcement

Rationalisation of cases

Since July, five cases have been closed, bringing the caseload down to approximately 25. It was confirmed that the criteria being used are the old CE criteria. Some of the cases that are being closed are two years old.

Annual Plan

The Chairman noted that OFT was now at the half-way point in the year, and we needed to consider the commitments made in our Annual Plan, whether these were achievable and, if not, the reasons for non-achievement. It was agreed that we need to review this in the context of the fundamental changes being implemented in the OFT and how this is presented. There will be a report back to the Board in December or January.

Communications

Staff issues

A new Head of News and a new Press Officer have been appointed. The teams dealing with proactive communications have been re-structured to focus on business and consumer education delivery through partners to enable resources to be used more effectively.

Item 3: Representative Actions

Representative Actions are planned as part of the proposed Consumer Choice and Representation Bill. The Board was asked to approve OFT's response to the DTI consultation, which came out of the DTI Consumer Strategy. The Board noted that redress fits in well with the OFT strategy and work being done on private enforcement.

Following discussion, the Board agreed that it was content with the proposed response to DTI. This issue will come back to the Board once DTI has responded, when our role can be discussed strategically, and whether OFT should be a designated body.

Item 4: Banking

The team sought Board approval for the new strategy for OFT's approach to banking. The paper outlined cross-Office input to this work, which was welcomed by the Board.

The Board was advised that this work was at its early stages, but the team had a clear indication of the direction that the OFT should take.

The Board approved the forward work plan, and noted that this work would need careful handling, especially externally. It welcomed and congratulated the team on the first cross-office/stakeholder paper of the Beagle era.

Item 5: Payment Systems

This was last seen by the Board in April. The Board was asked to agree to the proposal that the Task Force be wound up, and to welcome the new governance model, the Payment Industry Association (PIA). The team is also reaching its conclusion in the Cheques Working Group, which should be published in early November.

The Board was advised that we would want to undertake a review of the PIA at the two year point, and we will be talking to the independent Chair on a regular basis.

The Board confirmed that it was happy with what was proposed, but that the objectives of the PIA two year review need to be clarified.

Additional Item: Home Credit

The Board discussed the remedy that the CC has proposed for Home Credit.

Item 6: Payment Protection Insurance Study

The team sought Board approval to consult on referring this study to the CC, bearing in mind what sort of remedies the CC might propose. The Board welcomed this comprehensive paper. The Board questioned whether all the alternatives had been exhausted in view of the length of time and extent of detriment. It was noted that the Consumer Education Alliance Group would be a good vehicle to get our messages across to consumers.

Following discussion, the Board agreed to the plan to consult on a reference, and that mortgage PPI should be included in the consultation. Storecards would not be included; if those consulted did not agree they would say so.

Item 7: CSR07 Performance Framework

The Board congratulated the team on an excellent paper.

The Board was asked for its view on the draft performance framework for 2008-11 that is required by HM Treasury in support of CSR07. It was explained that the focus is now based more on outcomes than outputs. The final version of the document will have a preface explaining OFT's role. The Board was advised that the performance framework will be signed off by the CEO by the end of October.

Item 8: Executive Structure

The CEO presented the Board with his interim proposals for the executive structure and committees. All committees were aimed at being supportive environments, with as little bureaucracy as possible. The matter would come back to the Board in February for discussion, seeking formal sign-off for a final structure on 1 April.

The Board welcomed the proposal, although it was important to avoid too many meetings involving the same people. The Board was advised that the views of the senior team on how this worked in practice would be sought before the final sign-off was recommended.

Item 9: Any other business

The Board discussed several issues in closed session.

Papers below the line

Item 10: Management accounting information

The Board noted the information provided for the six months ending 30 September.

Francesca Seymour
Secretary to the OFT Board
9 October 2006