

Minutes of the Office of Fair Trading Board Meeting

Thursday 7 September 2006

Present

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

OFT Staff

Sue Cook
Tony Donaldson
Cavendish Elithorn
Fiammetta Gordon
Karman Gordon
Jonathan May
Brian McHenry
Simon Pritchard
Bart Smith
David Stallibrass
Vincent Smith
Christine Wade

Audit Committee

Nigel Matthews

Board Secretariat

Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes from the last Board meeting (6 July) (OFT(06)7th minutes)

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

Matters arising:

Office of the Surveillance Commissioner's report

The Chairman has drafted a response to the OSC which will be sent in the next few days.

Meeting with the DTI on CC designation

This took place on 25 July. No formal decision or next steps have been announced by DTI.

Non Executive Director appointments

The advertisement and packages for these appointments have been agreed, and will be advertised once we have secured Ministerial approval.

Item 2: Annual report of the Audit Committee

Nigel Matthews joined the Board for this Item to discuss the Audit Committee's written report, which had been received in May. He said that HM Treasury has published a consultation document on an Audit Committee Handbook which includes useful points on communication between Audit Committees and Boards that would be worth following up.

He confirmed that the relationship with the new internal auditors was good. This was endorsed by the COO and both Lord Blackwell and Christine Wade, who serve on the Audit Committee.

The Board's view was that for OFT, systems of managing and controlling risk required more attention financial issues. The CEO confirmed that he would be talking to the Auditors on how best to reflect risk management in relation to his direct reports, thus improving the linkage to performance management. Risk management is to be discussed at the Board in the coming months.

The Board noted that the timetable for this year's report had been delayed owing to other commitments, and that ideally the report should be discussed by the Board before the internal Statement of Accounts are signed off.

Item 3: Divisional Directors Reports

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

Litigation

MasterCard - Costs

The judgment at the end of July instructed OFT to pay costs that arose after 31 March. Discussions with the parties have taken place, and we should have responses to our offers on 8 September.

London Metal Exchange and Celesio

Judgments on costs are expected on 8 September.

Corporate Services

HR resources

A contractor has been appointed to lead on HR issues. HR will also be increased by two or three more people as a result of the mapping exercise.

Pay offer

Balloting on the pay offer is underway.

Leadership Development Programme

This is a three and a half day programme build on three modules interspaced over a six to eight week period where mixed groups of staff look at management and leadership models using 360 degree feedback. A number of staff have already attended (including the CEO) and initial response has been positive. The CEO advised that he was thinking about something additional for the senior management team to develop senior leadership skills further.

MPI

School uniforms

It is understood that a feature in the Sunday Mirror (10 September) on our findings prior to their formal announcement the following week.

Task Force

The Banks had sought to argue that, by agreeing to their proposed governance structure, the OFT was also approving it as complying with competition law: they have been advised that this is not the case and that they must rely on self-assessment.

Newspaper and Magazine Distribution

The deadline for comments has been extended by two months at the request of various industry representatives.

Communications

Press issues

There has been a lot of good coverage and calls on default charges. Coverage on the withdrawal of ABTA from the Codes scheme had been reported fairly. There had also been a lot of coverage on milk in the last few days.

Staff

Comms has two new permanent press officers and sifting for the new Director of Communications begins next week.

Website

The team is working on a new look for the website, and is in the process of talking to users.

Consumer Direct

The last centre opens in the West Midlands in a couple of weeks, which now makes Consumer Direct a national service. Christine Cryne joins on 19 September.

CRE

CCLB

CCLB relocates to Fleetbank House on 11 September.

Legislation

Current legislative work includes the Consumer Representation and Choice Bill (which includes issues related to Consumer Voice) and a consultation on Representative Actions which aims to give consumers confidence in seeking redress. There will be a paper on this for the October Board meeting. The Board asked for a paper on the pros and cons of this work before the next meeting.

Fraud review

We are due to respond by 27 October.

Unfair Commercial Practices Directive

It was confirmed that timing was more of an issue with the UCPD than money, but it was imperative that we issue guidance.

CE

Rationalisation of cases

There will be an announcement made on this shortly. Media interest is anticipated.

Regulation of Investigatory Powers Act

The Board was advised that Covert Human Intelligence Source powers (CHIS) had only been used once in the last year or so.

Item 4: Evaluation Report

The Board was asked to note the overview of the key results of this work, and to agree the planned work for the coming months.

It was explained that evaluation of our work is a significant factor of our performance framework for CSR07, and HM Treasury is keen for us to put forward ideas to show how we can evaluate outcomes. Chris Jenkins is working with the team on this.

The team confirmed that it had made international comparisons with the US, Netherlands and Australia although the Board noted that this work was innovative so there was not much to learn from others. Work is also ongoing done on a deterrent effect study which will complement future studies.

Following discussion, the Board agreed with the points raised in the paper, and to the publication of Annexe A, although the team was asked to think about committing to a four year programme for the evaluation of market studies.

Item 5: Comprehensive Spending Review (CSR07)

The Board will be asked to sign off the performance framework at the October meeting, after which it will be submitted to HM Treasury.

Item 6: Project Beagle update

The Board was updated on Project Beagle, which will be officially implemented on 2 October.

The Board was appraised of how the four role types will work, and how this structure will help de-layer the organisation. Career progression and flexibility was also covered, as was the management of skills and allocation of staff to projects. The CEO will continue to talk to the Director Group about how they can drive the implementation of Beagle forward with their teams.

It was agreed that this should continue to be a standing item, and also include updates on Cavendish Elithorn's new roles.

Item 7: Competition Stocktake

The Board discussed progress made on HM Treasury's review of the competition regime.

Item 8: Competition Commission Council meeting

The Chairman ran through the agenda that the CC had provided for the forthcoming meeting with the NEDs and Jonathan May on 11 September.

It was agreed that how often the Board should meet the CC in this forum would be discussed at the October meeting.

Item 9: Any other business

Executive Director appointments

The Cabinet Office has agreed that we can advertise these posts. An update will be provided at the October Board.

Executive Committee Structure

The Board said that it would like this set up as a temporary structure (running from October to March) running as a dual system with SET. It would also like a diagrammatic explanation of the CEO's explanation. The structure will be discussed in greater detail at the October Board, along with the future of the Audit and SCS Pay Committees.

End of Year Flexibility (EYF)

Darryl Fernandez will talk to the Board about plans for EYF in due course. The Board's vision for 2011 will be discussed at the planning day on 11 October. It was noted that there is no need to ring-fence funds for litigation costs, as this is something that can be picked up separately with HM Treasury.

Papers below the line

Item 10: Management accounting information

The Board noted the information provided for the month ending 31 July.

Item 11: Update on OFTPlus

The Board noted progress made.

Francesca Seymour
Secretary to the OFT Board
8 September 2006