

Financial Ombudsman Service Limited

MINUTES

MINUTES of the meeting of the directors, held at Exchange Tower, 1 Harbour Exchange, E14 9SR on Tuesday, 16 September 2014, at 11.30

Present	Nick Montagu (NM)	chairman
	Gwyn Burr (GB)	director
	Alan Jenkins (AJ)	director
	Julian Lee (JL)	director
	Pat Stafford (PS)	director
In attendance	Caroline Wayman (CW)	chief executive and chief ombudsman
	Julia Cavanagh (JC)	finance and performance director
	David Cresswell (DC)	communications and customer insight director
	Chris McDermott (CMcD)	operations director
	Liz Brackley (LB)	strategic service development director
	Alison Hoyland (AH)	board secretary & head of CEO's office (minutes)
	Tracy Campbell (TC)	head of property (for item 6)

Apologies for absence

An apology for absence was received from Maeve Sherlock.

1-4/1409 Board minutes

The Board approved the note of the meeting held on 23 June 2014.

Matters arising

Matters arising were picked up in the substantive business before the Board.

Chairman's opening remarks

The chairman provided an update on the ombudsman business in which he had been engaged since the last Board meeting, including:

chief executive and chief ombudsman appointment

The chairman wished to record his and the Board's formal congratulations to Caroline Wayman on her appointment as chief executive and chief ombudsman, and welcomed her to the Board meeting in her new capacity. The Board very much looked forward to working with Caroline and wished her every success in leading the ombudsman service.

Board director recruitment

There had been a good response to the ombudsman's advertisement for a non-executive director and chair of the audit committee. The interviews were due to take place on 20 October, in time to go to FCA's Board for approval on 5 November: FCA Board member, Sir Brian Pomeroy, was on the interview panel.

FCA oversight

The chairman and, Alan Jenkins, together with the chief executive, Caroline Wayman and the finance director, Julia Cavanagh, had met with the FCA's oversight committee on 30 July to discuss the key strategic and operational considerations in relation to the ombudsman's plan and budget preparations. The FCA had a formal statutory role in approving the service's budget. The committee had provided a useful early stage

opportunity, therefore, for the ombudsman to set out the financial and operational outlook for the remainder of the year, and as it looked towards the next financial year.

Chief ombudsman and chief executive's update

The chief executive updated the Board on a number of organisational developments since the last meeting, including:

chief executive and chief ombudsman appointment

In the early days of her appointment, Caroline had spent time meeting with staff across the organisation, to talk about the service's priorities and her vision for how the ombudsman service could best meet the needs of its customers, as well as on relationships with key stakeholders, including financial business and the regulator.

service performance

The Board would undertake a detailed review of operational and financial performance for the first half of the year at its meeting in October. Ahead of that, they noted that overall performance was on track. There were pressures evident in some places, not least as a result of external factors: further analysis at the October Board would provide more information on where these were and the reasons, and would set out plans to get things back on track.

ombudsman appointments

The Board noted the ombudsman appointments approved by the chairman since the last meeting, welcoming the many internal promotions among them and commending again the high calibre and wide ranging experience amongst the appointees.

5/1409

Board effectiveness

fos/14/09/05

Each year, the Board carried out formal evaluations of its performance and that of its committees and individual non-executive directors. In these evaluations the Board considered the balance of its skills, experience and knowledge of the organisation, its diversity, (including gender), how it worked together, and other factors that influenced its effectiveness.

For 2013/2014, the exercise was carried out by an external reviewer, in keeping with best practice which recommended an independent evaluation every three years. Following a tender exercise, the Board appointed Judy Delaforce, of FSTP Global, to undertake the review. This took the form of a confidential questionnaire on the Board and each of the sub-committees and observing their meetings; 1:1 conversations between the reviewer and the non-executive directors and the executive team; and consultation with the regulator, the FCA.

The Board at its April away day had reviewed the findings from the review, which had acknowledged a well-functioning and effective Board, over-seeing a well-run organisation. The report had found the service had solid governance in place, had recognised the strength of the chair and his non-executive directors, and acknowledged an able senior management team. The Board had accepted the recommendations in the report for enhancing its effectiveness, which were broadly aimed at getting a better balance between the Board's assurance and strategy roles, and distinguishing better between the respective Board and executive management responsibilities. Other recommendations had touched on some more routine operational enhancements, for example, around the early circulation of draft agendas and minutes.

The Board had asked the audit committee chair and the finance and performance director to consider further the different options in relation to enhancing the Board's

effectiveness and how it worked and to bring back recommendations to a later Board for discussion and agreement. Having reviewed those recommendations, the Board agreed a range of proposals which set out clear parameters within which it would best be able to exercise its oversight and challenge function. It accepted too a broad framework for accountability and governance structures and agreed the type and level of management (and other) information it would want in order to undertake its role effectively within those parameters.

6/1409 Property update

fos/14/09/06

As part of the Board assurance framework, the ombudsman provided periodic updates on a range of matters, including on property. An update at the September Board was timely, given the ombudsman's near complete move to its new accommodation at Exchange Tower, and the need to seek Board approval for extending the lease arrangements for some shorter-term accommodation it had elsewhere.

On the move to Exchange Tower, and the release of other accommodation, the Board wished to record its appreciation to the head of property, Tracy Campbell, and her team: the relocation had been very well managed and the moves had been seamless and had been achieved with little or no disruption. The Board commended, in particular, the emphasis that had been put on making sure that there was no impact on case-handling and the customer service the ombudsman was able to provide, a priority on which it was clear that staff had been focussed.

The Board agreed a proposal for extending the lease arrangements in relation to some shorter-term accommodation it had elsewhere. The analysis on the options showed that the arrangement would provide the best value for money and that it would cause the least disruption. The Board agreed to delegate the signing of the lease agreement to the chairman of the Board and the chairman of the audit committee, subject to there being no material change to the terms described at the meeting.

Any other business

There being no other business, the meeting ended at 13.15