

MINUTES

MINUTES of the meeting of the directors, held on Tuesday 3 March 2020 at 9.30am

Present	Zahida Manzoor (ZM)	Chair of the board
	Gerard Connell (GC)	Director
	Alan Jenkins (AJ)	Director
	Jenny Watson (JW)	Director
	Diana Warwick (DW)	Director
In attendance	Caroline Wayman (CW)	Chief executive & chief ombudsman
	Julia Cavanagh (JC)	Chief finance officer
	Annette Lovell (AL)	Director of engagement
	Caroline Nugent (CN)	Director of HR&OD
	Garry Wilkinson (GW)	Principal ombudsman & director of new services
	Nicola Wadham (NW)	Chief Information Officer
	Alison Hoyland (AH)	Board secretary
	Megan Webster (MW)	Policy and communications manager
	Richard Thompson (RT)	Principal ombudsman & director of quality
Apologies:	Sienna Veit (SV)	Director

1-2/2002 Board and committee meetings:

The board:

- approved the note of the board meeting held on 3 February 2020
- noted the audit committee minutes of 23 October and noted the oral update on the meeting held on 3 February 2020.

Matters arising

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

Chief ombudsman and chief executive's update

fos/20/03/02

The board noted the CEO report which provided an overview of the papers before the board and highlighted the key points of discussion. It also provided an update on current operational performance as the service headed towards the year-end to provide the context for the later discussions on the 2020/2021 budget and strategic objectives and performance reporting.

The CEO also provided an oral update on the service's business continuity planning in the light of the emerging developments in relation to Covid-19 and the board noted how the planning work would also keep under review the impact on casework – both on volumes and case mix. The service was keeping in touch with the FCA on emerging casework issues including to inform thinking on appropriate regulatory interventions.

In noting the routine annexes on key external and internal engagement, the board asked for a high-level summary of strategies informing the internal and external engagement work.

03/2002 Future strategy

fos/20/03/03

At its strategic away days in September 2019, the board had discussed the output of a comprehensive programme of research looking at the changing external environment

and the role of the ombudsman service within it. The research had been undertaken to help inform the shape and focus of the service's future strategy.

The board's discussions at the September awayday had been key to shaping the focus of the strategic priorities and following a period of internal and external engagement, the service had then consulted on them, alongside its consultation on its budget and plans for the following year.

The feedback to the consultation was presented to the March board with a draft high-level strategy which had been developed in the light of the support respondents had given to the proposed strategic priorities.

The board noted the feedback, which was a balance of those who saw the ombudsman's role as one centred on dispute resolution and those who advocated strongly for the service to do even more to share the insight from the cases that it saw to help prevent problems and to work collaboratively with others across the consumer protection landscape.

The board shared views on the articulation of the overarching strategic ambition and the scope of the priorities. While the priorities were rooted in established territory for the service, they were also drawn broadly enough to respond to the changing landscape and changing circumstances. They represented a statement of intent which would be fit for purpose for a range of different outlooks. As the strategic priorities were finalised, departmental strategies, budgets and plans, and in turn individual's objectives, would follow as a next step, the alignment of which would be key to enabling the service to deliver its overall strategy and priorities.

[The plan had been to publish the high-level strategy at the same time as the service's plan and budget at the end of the financial year, but the service subsequently held back publication in the light of the Covid-19 pandemic to allow it to review its priorities in the face of the rapidly changing landscape.]

04/2002

2020/2021 Budget and plans

fos/20/03/04

The March discussion marked the final stage in the budget cycle, ahead of FCA board approval.

Since the February board, the service had reviewed its assumptions in the light of the responses to its public consultation. Having done so, the budget remained unchanged from the February board discussion and was based on plans to:

- receive 245,000 new cases and resolve 305,000 cases in total
- receive income of: £286.7
- operate on an expenditure of: £304.5
- continue to absorb the deficit from reserves (£17.8m) in line with its established accounting approach for the close-out of PPI

The draft 'Plan and budget for 2020/2021' document would be sent to board members on 12 March for review and feedback.

The board agreed the final budget, funding arrangements and corresponding FEEs rules for submission to the FCA for approval. In doing so, it also noted that the picture in PPI remained uncertain, and that as the service looked ahead to the close out of PPI, the board would be kept updated on the plans and the key decision points.

[Again, in the light of Covid-19, the budget and funding arrangements were subsequently revised with board approval. In close collaboration with the FCA, the

funding arrangements were adjusted in order to minimise the pressure businesses were facing. The final budget was based on:

- increasing the case fee to £650 (as planned), but maintaining the number of “free” cases at 25 for firms outside the group account fee arrangement;*
- freezing all minimum levies at 2019/20 levels; and*
- reducing the overall income received from the levy, resulting in a case fee to levy income split of around 70:30.*

The overall budget remained unchanged, with the reserves absorbing the reduction in levy income.]

05/2002 2020/2021 strategic objectives and performance reporting fos/20/03/05

In previous discussions, the board had agreed the overarching strategic objectives and how the service would measure performance during 2020/2021. The final step was to agree the underlying targets.

The board reviewed the proposed targets, noting that the overall commitment to reducing waiting times was central to the plans for 2020/2021. Current operational pressures meant, however, that some of the targets did not correlate to the overall ambition for where the service would want to be.

Subject to one or two amendments, including the addition of a first answer measure, the board agreed the targets. Stretch targets would be added, where relevant, to illustrate the position the service was ultimately hoping to achieve either by year end or as soon as possible.

AOB

Award limits

The board noted that the award limit had been increased to £355,000 for complaints referred to the service after 1 April 2020.