

MINUTES

MINUTES of the meeting of the directors, held on Tuesday 28 April at 9.30am

Present	Baroness Zahida Manzoor CBE	Chair of the board
	Gerard Connell	Director
	Alan Jenkins	Director
	Sienna Veit	Director
	Jenny Watson	Director
	Diana Warwick	Director
In attendance	Caroline Wayman	Chief executive & chief ombudsman
	Julia Cavanagh	Chief finance officer
	Annette Lovell	Director of strategy and engagement
	Caroline Nugent	Director of HR&OD
	Garry Wilkinson	Principal ombudsman & director of new services
	Nicola Wadham	Chief Information Officer
	Richard Thompson	Principal ombudsman & director of quality
	Kam Hill	Head of strategy
	Paul Mills	Head of risk and governance
	Alison Hoyland	Board secretary
	Megan Webster	Policy and communications manager

1-2/2004 Board and committee meetings:

The board:

- approved the note of the board meeting held on 3 March 2020
- noted the February minute of the audit committee
- noted the oral update of the audit committee meeting on 21 April 2020.

Matters arising

Since the March meeting, with board approval, the FCA had approved a revised budget, alongside amended funding arrangements, to take account of Covid-19 and help minimise the impact financial businesses were facing. The final budget was based on:

- an increased case fee of £650 (as planned), but the number of “free” cases was kept level at 25 for firms outside the group account fee arrangement;
- minimum levies set at 2019/20 levels; and
- 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.

The plan and budget had then been subsequently published.

Chief ombudsman and chief executive’s update

fos/20/04/03

The board had been engaging closely on the service’s Covid-19 response and resilience; it had met by way of video conference call on 31 March and had been receiving regular updates from the executive team in the intervening weeks since then.

The update at the April board provided a substantive round up across a range of activity from the internal communications and engagement with staff to external engagement and coordination with the FCA. On the former, the emphasis in all

communications had been two-fold – supporting the wellbeing of staff and continuing to provide a service to customers while remote working. On external engagement with the FCA, which had been held at CEO and chair-level, discussions and joint working continued on emerging casework issues and Government and regulatory interventions. Since the March meeting, the Chancellor of the Exchequer had announced arrangements for Coronavirus Business Interruption Loan and the Bounce Back Loan Schemes, the FCA had written to the Chief Executives of insurance firms setting out their expectations of firms with regard to the settlement of Business Interruption insurance claims and it had put in place a range further temporary arrangements and requirements in relation to consumer credit provision and the need for forbearance.

04/2004

End of year performance review

fos/20/04/04

Board discussions on performance throughout the year had provided close scrutiny and challenge and had rightly been focused on the steps the service was taking to mitigate the risks posed by a range of operational challenges it had faced and to meet its objectives which were centred on reducing customer wait times.

Key achievements for the year included having resolved more cases than received and having made a good deal of progress on reducing wait times and making inroads into resolving the oldest cases. During the year, the service had also successfully delivered two new jurisdictions, for larger SME customers and to cover complaints against CMCs. Staff engagement levels had improved markedly and the service had received recognition for its commitment to being a diverse and inclusive employer. And lastly, the end of the year had, of course, been marked by the Covid-19 outbreak. The board commended the way in which the service and staff had responded – having become a home-based operation overnight and having to find new ways of working and connecting.

The board reflected though on a year in which the impact of the significant increases in complaint volumes in previous years, continuing casework volatility and complexity, and resource shortfalls had continued to impact operations. A number of key areas had come under pressure consequently. The unit cost was higher than anticipated - due largely to lower PPI volumes – too many customers were waiting too long for an answer and customer satisfaction levels were lower than the service had set out to achieve.

The board agreed an end of year collective reward for staff which balanced the considerable achievements against areas where the service had not met the high standards it had set itself across all performance areas.

Under the update on the financial position at the year end, the board noted the position with regard to the development of an online consumer portal which had been discussed at an earlier meeting of the audit committee. A 'beta' version of the portal had been released to pilot the facility, and a number of performance and delivery issues had been identified. Since then, further testing and analysis had supported the decision to write off the development. Further work would be undertaken to rescope the requirements for an online portal, updates and decisions on which would come to the board, as appropriate.

The board agreed that at its next meeting in July, it would be helpful to take some time to reflect on the service's transformation journey to date under its 'relevant and sustainable' agenda. The timing would mean that it would provide helpful context as the service considered the nearer term opportunities to build on what it was learning during the Covid-19 pandemic about ways of working and service provision and as it looked further ahead to its future strategy.

05/2004 Reviewing our plans

fos/20/04/05

The board discussed the immediate actions the service had taken in response to the impact of Covid-19 on its operational plans and financial position and reviewed the framework the service was developing to plan for a number of scenarios with a range of different outlooks – as compared to the service’s base case scenario of its pre-Covid-19 plans and medium-term outlook. The service’s response and mitigation plans would depend on the scale and duration of any ongoing disruption, but flexibility would be key.

In all scenarios, the service would likely need to revise its plans for 2020/2021 to respond and it was likely that the impact would be felt into future years too. The board would undertake its first formal review of the 2020/21 plans in July at its Q1 review and anticipated making further revisions as the post-pandemic picture became clearer.

06/2004 Our future strategy

fos/20/04/06

The service had originally planned to publish the high-level strategy alongside its plans and budget (which were subsequently published in early April). It had postponed publication, however, in the light of Covid-19 so it could check that the strategic priorities continued to stand up to scrutiny.

Having undertaken a review, the service was confident that they did. The three priorities were designed to provide a framework through which the service could continue to consider how it needed to adapt and respond to wider societal, political and economic impacts and the changing landscape around it and as such were entirely aligned with the current circumstances in which the service and organisations around the globe found themselves. Indeed, in keeping with key elements of all three priorities, the service was now looking at how it could ensure that it continued to harness the nearer term opportunities it had to innovate and build on what it was learning during Covid-19 about different ways of working and service provision.

The board agreed the high-level future strategy for publication.

07/2004 Risk review

fos/20/04/07

The board reviewed the risk review as at the year-end, noting that the risks around “adapting to a changing environment” were increasing in the light of Covid-19 and in particular the disruption to operations that financial businesses were experiencing, which was having a knock-on effect on the service, and the potential for increased case volumes and a changing case-mix.

Elsewhere, Covid-19 impacts had been less felt, with some areas of risk off-setting others – for example, while recruitment might prove more challenging in the current circumstances, retention was likely to remain high.

Ordinarily, the board would have undertaken its annual risk step back to agree the key corporate risks for the year and its appetite and tolerance levels, aided by a ‘torpedo’ risk review exercise. In the light of Covid-19, the board agreed that the exercise would be as equally well served by taking a view against the impact of the pandemic – both on the service specifically and more broadly across the wider landscape. The board agreed that the threats and opportunities posed would be the same, as would the main areas and means of mitigation. The board agreed that the current framework and key risks remained appropriate and provided a solid base against which the service would be able to track changes to risk levels and take a view on tolerance levels, noting that

there would likely be areas for which it would agree to increase tolerance levels in the current circumstances.

08/2004

Annual review

fos/20/04/08

The board agreed proposals to combine the service's separate annual review and report and account publications into a single publication which would meet the collective reporting requirements in one document. The proposal was in keeping with the service's objective to simplify and streamline its publications and would help minimise duplication.

The board noted that the Independent Assessor's annual report and the service's management response would be published at the same time. In the meantime, the annual round up of data and key complaint statistics would be published online, alongside the other complaint data the service published during the year, to ensure a coherent picture, as well as the timely sharing of insight.

AOB

Covid-19 response and resilience

The board noted that the Chairman and Chief executive would continue their weekly calls during the pandemic and the board would continue to receive weekly updates.

Independent Assessor (IA) recruitment

Due to the current circumstances and the limitations it placed on the recruitment process, the board noted the decision to pause the process for the time-being. The current IA had agreed to an extension to her term, which would be subject to board approval, to cover the extended timetable.

[The board subsequently received a formal paper setting out the extension of the current IA's term to the end of August, which it approved].