

MINUTES

MINUTES of the meeting of the directors, held on Tuesday 14 July at 9.30am, via video conference call

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 financial 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
	Alison Hoyland	Board secretary
	Megan Webster	Policy and communications manager
	Caroline Wood	Horizons portfolio Director (for item 4a)
	Kam Hill	Head of strategy (for item 4b)
	Paul Mills	Head of risk and governance (for item 5)

1-2/2007 Board and committee meetings:

The board:

- approved the note of the board meeting held on 28 April 2020;
- noted the April minute of the audit committee on 21 April 2020;
- noted the oral update of the audit committee meeting on 16 June 2020; and
- noted the oral update of the remuneration committee meeting on 28 April.

In noting the oral update on the audit committee in June, the board noted that it had approved the roll out of wave 2 of the service's 'smarter working' initiative, subject to the board being sighted on the business case and content. The business case had been sent around to the board subsequently and formal agreement had been confirmed.

In noting the oral update on the remuneration committee in April, the board agreed that the committee should aim to meet as a pre-cursor to the annual discussions in April on the allocation of the pay budget. This would allow the committee to review the criteria to be taken into account, which currently included such things as the rate of inflation, minimum living wages, levels of pay in the private and public sector and the position other FSMA-family members were adopting.

Matters arising

The board's agreement to the annual collective reward was communicated to staff. The service's high-level future strategy was published on 3 June.

The NAO had extended the timetable for the audit of the service's 2019/2020 accounts, due to Covid-19 related resourcing constraints, which meant that publication of the annual accounts would be delayed too.

All other matters arising were picked up in substantive business before the board.

Chief ombudsman and chief executive's update

fos/20/07/03

The chief executive provided an update on the key strategic and operational issues during the period.

Responding and maintaining resilience during the Covid-19 pandemic continued to be a strategic theme central to the service's work and planning.

The service had been remote working since March, and staff were to be commended for their flexibility and commitment to continuing to provide a service to customers during these difficult times. A review of service performance was undertaken later in the agenda, which included how Covid-19 was impacting operations and early thoughts on the outlook for case volumes and case mix.

In terms of planning for an eventual return to the office, the board noted that a great deal of planning was underway. The plans were keeping in step with the latest government advice and guidance and staff were being kept fully updated as the plans developed.

In the wake of the killing of George Floyd, the service had also been focusing time and resource on ensuring the wellbeing of its people and emphasising its commitment to standing firm against racism and all forms of discrimination. A number of initiatives and activities were providing space for people to share their lived-experiences and for others to learn and understand from hearing about those experiences.

The board noted that the Employers Network for Equality & Inclusion had awarded the service 'Winners of Inclusive Culture' and that it was 'Overall Joint Winner: Public Sector'. Pleasingly, the service's Embrace network had also been awarded 'Joint winners for the Employee Network Group of the Year (Public Sector) Award'. The board agreed that the awards were a true testament to the hard work and dedication of colleagues across the service – but in particular, the Inclusion & Wellbeing Team, the Embrace network and executive and senior sponsors.

[The chair followed up with notes of congratulations on behalf of the board.]

04/2007

Our 'relevant and sustainable strategy'

fos/20/07/04a

At its meeting in April, the board agreed that 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 paper and discussion reviewed progress in delivering the service transformation objectives and reflected on the lessons learnt, key among which was the need to maintain operational flexibility and responsiveness, which was essential given the demand-led nature of the service's role, investment in staff engagement and communication, to ensure people understood the rationale and the change journey ahead, and having a clear understanding of organisational capability requirements, with a corresponding recruitment strategy and approach.

The board agreed that the review was a helpful backdrop as attention turned to the adaptations the service had made to ways of working and service provision in response to Covid-19 and the nearer term opportunities to innovate and build on these experiences.

Update on the future strategy work

fos/20/07/04b

Following discussions at the April board, the service had published its high-level strategy. Next steps were now focussed on the development of the underlying supporting strategies and plans and the associated success measures which would track and drive performance and demonstrate the broader value provided.

The supporting strategies were also being developed with reference to the opportunities arising from what was being learnt in the Covid-19 context – for example, the options in relation to property and leases, recruitment, regional presence and remote and other flexible working practices. The board would be discussing the supporting strategies and post-Covid 19 opportunities at its strategic away day in September.

05/2007

Q1 performance review and forward forecast

fos/20/07/05

For the whole of Q1, the service had been working remotely in response to the Covid-19 pandemic. As it had noted under the chief executive's report, the board commended the service for the way in which it had mobilised its operations overnight to ensure it could continue to provide a service to customers and for the resilience and flexibility staff had shown.

When the service published its budget and plans for 2019/2020, it did so against the backdrop of the developing situation of Covid-19 and on the understanding that it would need to review the outlook and update its forward forecast. The board agreed that the appropriate point at which to do that would be at the formal Q1 review.

In non-PPI casework, the year to date position at the Q1 point was broadly in line with budget expectations, although this was unlikely to continue, and operations were expected to be impacted over the course of the next and subsequent quarters. In PPI casework, the impact of Covid-19 was already being felt, with financial firms experiencing significant operational disruption; incoming volumes to the service were down around 40%, compared to budget, as a consequence.

While it was very likely that operations would continue to be affected by Covid-19, the size and scale of that impact was yet to be fully understood. There were a number of acute scenarios that could plausibly materialise. The service was continuing to test the scenarios and work through the internal and external pressures. Internal challenges included the inevitable limitations stemming from a prolonged period of remote working and attendant operational inefficiencies. External headwinds included operational challenges financial businesses themselves were facing and a number of stakeholders were also flagging the potential for a significant increase in case volumes and increasing case complexity.

The board agreed the Q1 forecast for the remainder of the year, noting though that it would review the position again at the mid-year point and that further revisions may be prudent then. For now, it agreed operational and financial plans based on:

- Receiving 145,000 new non-PPI cases and resolving 150,000 cases.
- Receiving 70,000 new PPI case and resolving 110,000 cases.

The board noted the continuing focus on reducing customer wait times and that while the service would need to continue to make a number of decisions about operational and financial trade-offs, these would remain centred on this overarching objective, while balancing the other key objectives.

06/2007 HR and Finance system

fos/20/07/06

The board reviewed and agreed the final business case for the implementation of a new HR, payroll and finance system – Workday.

The new system would rationalise and modernise the service's existing applications onto a single platform.

07/2007 Annual assurance

fos/20/07/07

As part of the board assurance framework, year-end reports were provided on:

- the work of the audit committee;
- the work of the remuneration committee;
- the work of the Horizons' Programme steering committee;
- the work of the quality assurance group;
- legal and litigation work;
- data protection
- health & safety
- social responsibility
- property and estate management;
- the composition of the ombudsman panel; and
- our statutory obligations in relation to the FCA

Under the reports from the audit and remuneration committees, the board noted that the Terms of Reference (ToR) did not require updating, pending a broader review of the scope and membership of the committees which the chair of the board planned to undertake at a later stage, once the current recruitment process for new non-executive directors was complete.

Under the audit committee update, the board agreed the updated annual Modern Slavery Act statement for the chairman's signature and publication.

More generally, in terms of governance, the board noted that there were no proposed changes to the current scheme of delegation which set out the relevant statutory obligations under the Financial Services and Markets Act, nor to the schedule of matters reserved for the board.

AOB

Independent Assessor recruitment.

The board noted the update on the recruitment process.

Non-executive director recruitment

The board noted the update on the recruitment process.

Board departures

The board noted the upcoming departures of Diana Warwick and Sienne Veit, both of whom were coming to the end of their terms at the end of August.

In the absence of a further board meeting before then to mark the end of their terms, the board and executive took the opportunity to say fond farewells and thank Diana and Sienne for their time and commitment over the last three years and for their insightful and valuable contributions to board and committee business.

There being no other business, the meeting ended at 12.45pm.