

Financial Ombudsman Service Limited

Minutes

Minutes of the Board/away day meeting of the directors, held on 21 June at 10.00am

Present	Baroness Manzoor CBE	Chair of the board
	Bill Castell	Non-Executive Director
	Sarah Lee	Non-Executive Director
	Ruth Leak	Non-Executive Director
	Jacob Abboud	Non-Executive Director
	Nigel Fretwell	Non-Executive Director
	Shrinivas Honap	Non-Executive Director
In attendance	Nausicaa Delfas	Interim Chief Executive & Chief Ombudsman
	Yvette Banister	General Counsel
	Colin Douglas	Interim Director of Communications
	Simone Ferreira	Interim Chief of Staff
	Chandra Hirani	Interim Chief Financial Officer
	Nicola Wadham	Chief Information Officer
	Carys Williams	Interim Operations Director
	Becky Willis	Interim Director of HR&OD
	Alison Hoyland	Board Secretary
	Sacha McInnis	Secretariat
Louise Corley	Secretariat	
Observing Apologies	Abby Thomas	Permanent Chief Executive & Chief Ombudsman
	Caroline Nugent	HR Director

1/0622 Current Transformation Programme update
AWD/22/06/01
a) The integrated plan and progress of key initiatives and deliverables

In noting the papers on the Transformation Portfolio, the Board acknowledged the efforts made by the team in developing the Integrated Plan and the progress that been made to date across a number of projects and initiatives. As had been discussed the previous day at the Transformation Committee, the Integrated Plan needed to be developed further to provide the necessary overview and assurance on the programme of work.

The Board discussed the key risks around the change projects and initiatives, which included maintaining an appropriate balance between driving productivity improvements and ensuring quality, the impact on people and culture, and changes in the external environment. It also noted the importance of sustainability underpinning all of this work.

The Board reflected on the overall aim of the change agenda, which was to improve service performance, reduce costs, drive efficiency and value for money and address the financial imperative for the Financial Ombudsman Service to break even by 1 April 2024. The current plan detailed all the work that would help the organisation achieve this, through a mixture of projects, initiatives, and other continuous improvement activity, aligned to the 22 recommendations made in the Periodic Review.

The Board noted the Transformation Committee's discussions the previous day on how the programme should be managed and the governance arrangements. The Committee had agreed that the key defined projects would be subject to the full rigour of a typical change management programme, other initiatives would be subject to a more agile approach, but with controls and measures in place to monitor and track the costs and benefits.

Programme management methodology and approach aside, it was agreed that the Committee, and in turn the Board, would need to have a clear picture of what was being done, the timescales, the costs and the benefits. Projects and initiatives were at different states of maturity and some were more susceptible to quantifiable cost and benefit realisation analysis. The anticipated outputs from others initiatives – be they financial, operational or comprise some other positive impact – would need to be based more on hypotheses and assumptions at this stage.

The Board noted that a follow up meeting of the Transformation Committee was in the process of being arranged for July or early August, at which it would review the next iteration of the Integrated Plan. The Committee would track the progress of the programme, scrutinising the deliverables, benefits, costs and key milestones across the portfolio and the Board would receive regular a high-level summary assurance reports.

b) The business case for the Front Door Call Handling Function

The Board received a detailed update on one of the key projects being taken forward under the transformation portfolio, the 'Front Door Project', by which the initial contact phone calls currently handled by investigators would be handled instead by a dedicated call-handling function – the Customer Call Hub (CCH). The purpose was to free-up investigator time so that it could be re-directed to their caseload (with the anticipated productivity uplift). Other front door enquiry channels – including letter, email, social media and the website – would be brought together under the 'Customer Connect' umbrella by the end of the 2022 calendar year.

The Board noted that the CCH would employ around 80-90 staff, the majority of whom would be based in the Financial Ombudsman's Friargate office in Coventry. A recruitment strategy had been agreed in line with internal policies and objectives to better facilitate external recruitment amidst risks associated with a particularly buoyant market.

In reviewing the business case, the Board noted the fiscal benefits of the CCH included an estimated cumulative net saving of c.£3.4m over 3 years. The savings were based on a conservative assumption that redirecting the calls away from investigators would achieve a 6% efficiency (productivity) uplift. The associated (and anticipated) reduction in investigator resource was expected to be achieved through attrition.

The non-fiscal benefits included improved staff and customer experience, leading to better engagement and satisfaction respectively, and improved organisational and performance oversight and accountability.

The CCH roles were expected to be filled by a combination of external and internal recruitment. The Board stressed the importance of ensuring the right capabilities were sought; a poorly skilled function could lead to inefficiencies and duplication of work further along the casework process, if re-work was required.

The Board noted that, ultimately, the new digital portal was likely to service the majority of initial contacts and the Financial Ombudsman Service expected an iterative channel shift. The 'front-door' plans had been developed against this context, with the expectation that attrition would facilitate right sizing in due course, alongside the ability to repurpose knowledgeable colleagues to other core casework activity.

As the CCH function was progressed, the Transformation Committee, and in turn the Board, would expect to be able to track the key milestones, risks, benefit realisation and the impact on people.

On a broader note, the Chair of the Audit Risk and Compliance Committee (ARAC) noted the need to continue to refine the business case methodology and how costs and benefits were scrutinised and presented.

2/0622 Future Vision

AWD/22/06/02

The Board agreed the discussion on the future vision, looking further ahead over the next 3 to 5 years, would form the basis of a later away day.