

Financial Ombudsman Service Limited

Minutes

Minutes of the meeting of the directors, held on 20 March 2023

Present	Baroness Zahida Manzoor CBE	Chair of the board
	Jacob Abboud	Non-Executive Director
	Bill Castell	Non-Executive Director
	Nigel Fretwell	Non-Executive Director
	Sarah Lee	Non-Executive Director
	Ruth Leak	Non-Executive Director
In attendance	Abby Thomas	Chief Executive & Chief Ombudsman
	James Dipple-Johnstone	Deputy Chief Ombudsman
	Karl Khan	Chief Operating Officer
	Jenny Simmonds	Chief Finance and Risk Officer
	Alison Hoyland	Board Secretary
	Louise Corley	Secretariat

1. Conflicts

The Chairman asked if there were any conflicts of interest to note. It was confirmed there were none pertinent to the business due to be discussed, but Bill Castell noted his role at Gamma Communications in the context of a service supplier relationship with the Financial Ombudsman Service.

2. Board and committee meetings

The Board noted the minutes and actions arising from the meeting on 20 February 2023.

The Board noted the minutes of the Quality Committee on 14 February and the Transformation Committee on 24 February 2023. In noting the minutes of the Transformation Committee, and an action to provide an update on the portal delivery, it was agreed that this update should be shared with the wider Board.

There were some additions and amendments noted for the action log and forward agenda.

Actions:

- Timeline for the portal delivery, including to show progress against the original 'Basket' release plan, to be shared with the full Board.
[Completed]
- Remaining Quality Committee actions to be addressed and response and closure to be reported to the outgoing Chair of the Committee.
[Completed]

3. Chief Executive and Chief Ombudsman update

The Chief Executive and Chief Ombudsman provided an overview of the key highlights from her summary report. As part of the summary, the Board noted updates on the outcome reporting consultation, the progress made on the Target Operating

Model and the Queue Reduction Incentive Scheme.

The Board highlighted some refinements it would like to see in CEO update and the separate executive directorate reports going forward.

The Board noted the update provided on undisclosed commission cases and the approach being taken in relation to this cohort of cases. It asked for some follow up detail on some key litigation cases of note.

Actions:

- CEO and executive reports to be further refined in the light of Board feedback:
 - more detail on the main ‘take away’ points from key stakeholder meetings
 - more detail on projects marked red in the technology summary
 - consistency of reporting timescales in the casework reporting.

[From the April reports]

- Summary notes on the litigation cases of note to be provided to the Board.

[Completed]

4. 2023/24 Service Level Agreements, Performance Measures and targets

Following feedback provided by the Board at the February meeting, the performance measures had been refined and were presented for final review and sign off. In addition to this the Board were asked to consider the preferred articulation of the timeliness metrics with a recommendation from the executive to present this in the clearest and most transparent way.

The Board approved the service standards to apply from 1 April, and the executive’s recommendation on articulating timeliness.

There was a short discussion about how the reporting would reflect cases converted before 1 April. The executive agreed it would be necessary to provide separate reporting for a period of time to reflect the cases that did not fall under the new service standards; it would share a ‘template view’ in advance of the first publication with the Board.

Actions:

- External reporting on service performance to distinguish the cohort of cases received and converted before 1 April

[From Q1 reporting]

- A ‘template view’ on the report to be shared with the Board.

[Completed]

- A plan with timescales on clearing the older cases to be circulated to the Board.

[Completed]

5. 2023/24 Budget and reducing the cost per case

2023/24 Budget

The Board noted the draft plan and budget had been updated to reflect the discussions at the February Board, where the Board had set the challenge to find additional cost reductions in the proposed budget provisions to reduce the cost per case further. The updated budget had been presented to the FCA Oversight Committee in early March and the Committee had indicated that it would recommend the budget for approval at the FCA’s March Board.

The Board agreed the budget and the associated FEES rules for submission to the FCA March Board for final approval. Once approved, the service would publish the consultation feedback statement and final budget

Actions:

- Underlying productivity and resolution volume scenario analysis, together with an assessment of the risks included in the budget, to be shared with the Board.
[Completed]
- 2024/25 plan and budget cycle to be reviewed to allow for earlier Board discussions.
[Completed]

Reducing the cost per case

The Board noted the considerations and dependencies at play for reducing the cost per case during 2024/25 and challenged the executive team to think about what further savings and efficiencies could be made to achieve this sooner. As part of this, the option to utilise underspent reserves to invest in opportunities to help increase output and operational efficiency should be kept under review. The executive would provide a more detailed analysis of the risks and benefits of the options available as part of a zero-based cost and budget review.

Action:

- Paper to come back to the Board on zero-based budget approach and options to achieve a reduced cost per case in 2024/25.
[June]

6. The transformation agenda in the context of Executive priorities for 2023/24

The executive outlined the proposed scope of the next phase of transformation activities (phase 2), aimed at further improving the end-to-end customer journey to make it more efficient and to ensure consistent and good quality outcomes. It set this out against the context of the executive priorities for the following year, to show how the activities and priorities aligned.

The change activities were aimed at driving process, system and tooling improvements throughout the customer journey. The costs were expected to be met by the remaining transformation budget, with benefits expected to provide a positive return on that investment. Subject to Board agreement on the proposed focus of the phase 2 activities, the next steps would be to proceed to the more detailed design and implementation stages, as well as to further refine the view on the costs and benefits.

The Board approved the proposed scope and budget envelope and agreed that the Transformation Committee should provide oversight as part of its role in scrutinising overall portfolio performance and return on investments. The Board noted that portfolio tracking and reporting should distinguish between the activities (and the associated costs and benefits) that fell in phase 1 and those that fell in phase 2. It also emphasised the importance of being clear about the nature of the anticipated benefits, for example, whether the activity would realise cost savings, cost avoidance, service improvements or something else; this would also help ensure benefits were not double-counted.

7. Target Operating model update

The Executive Team provided an update on the proposed Target Operating Model and the changes that arose as a result. The Board raised questions and asked for clarification on some points of detail, some of which were suggested for inclusion in the documentation to aid understanding. Overall the Board understood the proposals and were fully supportive. The Chair stressed the importance of good communication and was pleased to hear about the comprehensive plans in place. The Board looked

forward to hearing progress updates as the consultation and implementation progressed.

8. Independent Assessor's (IA) terms of reference

The Board approved an amendment to the IA Terms of Reference to provide for the receipt of reviews by the Deputy Chief Ombudsman and Ombudsman Directors, as well as the Chief Executive and Chief Ombudsman, as currently provided for. The Board noted that the amendment would be specific about the roles included within the delegation.

The Board noted the control that remained in place, which required the service to refer any case to the Board where it wished to reject the IA findings.

Papers for noting

Executive reports

The Board noted the executive reports, some of the specific aspects of which it had discussed under the CEO report at the beginning of the meeting.

AOB:

Board paper tool/app

Board members had provided feedback on the assessment and recommendation that had been undertaken in relation to a portal/app for Board business, including to check that certain essential features would be included; those were reiterated at the meeting. The Board would be kept updated on the tool that was being developed and assurances would be provided on the essential features.

Digital Portal update

The Board noted the update on the portal roll-out, which included that respondent business feedback during the pilot had been very positive.

There being no further business, the meeting ended at 13.30.