Minutes of the Office of Fair Trading Board Meeting

Monday 17 January 2005

Present:
John Vickers (Chairman)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Christine Farnish
Richard Whish
Rosalind Wright

OFT Staff:
Frances Barr
Simon Brindley
Sue Cook
Ian Edwards
Naja Felter
Darryl Fernandez
David Fisher
Maggie Gibbons-Loveday
Daniel Gordon
Mark Kram
John Lambert
Jonathan May
Nic Newling
Lilian Nnonyelu
Avril O’Meara
Helen Oates
David Osmon
Kate Pitt
Hannah Priest
Chris Rawlins
Mike Ricketts
Vincent Smith
Christine Wade
Ray Watson
Graham Winton

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes from the last Board meeting (13 December) (OFT(04)11th minutes)

The minutes of the 13 December meeting were accepted as a true record.
The Board congratulated the Chairman on his knighthood.

**Item 2: Director’s Divisional Reports**

The Board was updated on the following issues:

**FOIA applications**

To date, 12 requests have been received including a request from the BBC asking for documentation relating to home collected credit. It was agreed that it is still very early days to judge how many requests OFT is likely to receive, and therefore what impact the Act will have on resources.

Key points from individual Director’s reports were as follows:

**R&S**

Pay 04

Following the failure to reach agreement with the trade unions, the pay award will be imposed in February 2005.

**Comms**

Codes

VBRA stage 2 codes awareness campaign was launched on 12 January.

Stakeholder events

The Scottish event had gone well. The London event was taking place following the Board meeting.

Scams

Preparation is underway for a month-long campaign with partners on scams during February.

**IT**

A report comparing the reliability of the network over time and against industry standards shows that the OFT system is now performing well.

**CE**

Appeals

The Board was updated on the following appeals:

- Replica kit
The appeal on penalties starts on 17 January.

- Hasbro

The appeal on penalties starts on 27 January.

- Claymore/Express

Appeal on this case closure was held last week in Scotland.

- Barcardi

This case is ongoing.

- Burgess

This case is ongoing.

**CRE**

Hampton Review

OFT’s comments on the review will be sent to Sir Philip Hampton’s team at the start of February.

CCLB modernisation

This is going well, but costs are more than initially expected.

Consumer Credit Bill

The third reading is not due before the February recess.

TV Direct

The team were congratulated on their work on this case. They are currently working on two other cases with the Irish and Dutch authorities.

Staff issues

Sean Paul Brankin starts in early March; Sudip Sen (new CRE lawyer) has taken up his post. Legal trainees start litigation training with TSol in March.

Frances Warburton started as Director, CE5 (vice Justin Coombs) on 17 January.

**Item 3: Financial and Performance report**

This report was the first in the new simplified format. Additional comments from individual Directors were noted.
Item 4: Market investigation

The Board was updated on an ongoing market investigation.

Item 5: Policy issue

The Board discussed an external policy issue.

Item 6: Market investigation

The Board was discussed an ongoing market investigation.

Item 7: Consumer detriment project

The team presented an update to the Board on the ongoing work on consumer detriment. Through the work of focus groups and psychological research the main findings show detriment as financial loss, stress, disappointment and upset. Poor services were highlighted as being more problematical than goods, and while there is a need for information, consumers do not wish to be overloaded. Other problem areas include poor after-sales service, scams and pressure selling.

Ways of overcoming detriment include empowering consumers, education and advice, raising standards of after-care as well as identification of priorities for enforcement, such as scams. These are the key action areas.

The Board was advised that the key priorities identified in the Annual Plan were consistent were consistent with these findings. Although consumer behaviour as a cause of detriment was not part of the initial research, the team agreed that it would be useful to consider research into this area. The Board also noted that the characteristics of the individual were critical when defining vulnerability.

Ways of overcoming detriment include empowering consumers, education and advice, raising standards of after-care as well as identification of priorities for enforcement, such as scams. These are the key action areas.

The Board was advised that the key priorities identified in the Annual Plan were consistent were consistent with these findings. Although consumer behaviour as a cause of detriment was not part of the initial research, the team agreed that it would be useful to consider research into this area. The Board also noted that the characteristics of the individual and of the sales context were critical when defining vulnerability.

The Board confirmed that it was content for work to continue as proposed in the paper.

Item 8: Report by the OFT Scottish representative

Maggie Gibbons Loveday reported on the first six months as the OFT’s Scottish representative. It was too early for the Board to give a view on the level of the OFT’s presence in Scotland and any implications for Wales and Northern Ireland. This will be considered when a full year report is prepared for the Board in September.
The Board confirmed that Maggie’s knowledge of Scottish issues was very useful, and will become more vital as the Scottish Parliament’s interest in the OFT’s agenda grows (consumers are more likely to complain to their MSP than MP). She already has developed good links with the Scottish Executive, and plans to do more with businesses.

The Board congratulated Maggie on what she had achieved so far. Any views the Board had on Wales and Northern Ireland would be welcomed by the National Strategy Liaison Team.

Item 9: Presentation by Communications Division

Comms Division provided a presentation on its external relations work. This has become more of a frontline role, driven by the need for greater accountability and transparency. The Press Office has become much more proactive, particularly through the issuing of consumer alerts, and now receives some 300 media enquiries per month. Comms also monitors OFT coverage closely, provides media training for staff, runs awareness campaigns and the website, produces publications and undertakes tracking research of consumer awareness, in addition to the regional roadshows that many of the Board have attended.

The Board asked if there was a trade-off between running campaigns and consumer education in the longer term. Attitudes and behaviour are measured through the tracking research, and the messages of campaigns are designed to be sustaining by the provision of tools for our partners and the media. The scams awareness month in February was highlighted as an example of a way in which OFT flags up the messages consumers should ask.

The OFT comms strategy is to be seen to be crusading for the consumer. Publication of our decisions lets the consumer know what the OFT’s role is, and what we can and cannot do. The team works closely with Watchdog, You and Yours, Money Box and Working Lunch. It is also doing a lot more with local radio.

Whether it would be helpful to evaluate relative costs of different communications approaches was discussed. The team said that extra funds could at the margin enhance campaigns, but generally the aim is to sustain messages by using outlets that do not charge and making best use of what is available to them.

Item 10: Any other business

Consumer Direct will be discussed at a later date.

The Board will next meet formally on 26 January.

Francesca Seymour
Secretary to the OFT Board
18 January 2005
Minutes of the Office of Fair Trading Extraordinary Board Meeting

Wednesday 26 January 2005

Present:
John Vickers (Chairman)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Christine Farnish
Richard Whish

Apologies
Rosalind Wright

OFT Staff
Jonathan May
Graham Winton
Rob Williamson
Jocelyn McCafferty
Tim Deasy
Stephen Blake
Joseph Lowe

Board Secretariat
Francesca Seymour (Board Secretary)

Item 1: Northern Ireland personal current accounts: OFT response to Which?GCCNI supercomplaint

The Board considered the paper OFT(05)08 which sought approval to proceed to a formal consultation on a proposed market reference to the CC.

Following discussion, the Board agreed that the combination of features set out in the paper justified proceeding to a consultation.

Handling

A press notice will be issued on either 10 or 11 February announcing the consultation. The results of the consultation will come back to the Board in April for consideration and a decision.

Item 2: Any other business

No other business was discussed.

Francesca Seymour
Secretary to the OFT Board
27 January 2005
Minutes of the Office of Fair Trading Board Away Day

21 February 2005

Present:

OFT Board
John Vickers (Chairman)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Christine Farnish
Richard Whish
Rosalind Wright

OFT Directors
David Fisher
Jonathan May
Brian McHenry
Mike Ricketts
Vincent Smith
Christine Wade

Board Secretariat
Francesca Seymour (Secretary)
Erik Wilson

Item 1: Chairman’s welcome and introduction

The Chairman welcomed everyone and set out the timings for the day.

Item 2: Minutes of the last meetings

Minutes from 17 January (OFT(05)1st minutes)

These minutes were accepted as a true record.

Minutes from the extraordinary meeting on 26 January

These were accepted as a true record.

Item 3: Divisional Director’s Reports

The Board was updated on the following issues:
**NAO audit**

It is too early to predict the conclusions of the NAO’s value for money audit. It is now looking at the OFT itself, particularly prioritising and processing. Ed Humpherson has offered OFT a seminar on the work of NAO, and we are in the process of agreeing some joint text for the intranet. NAO staff have asked if they can attend a case review meeting, and to follow a case from start to completion. Brian would advise on any legal issues arising.

**DTI Consumer Strategy**

This has been watered down a great deal, in part due to a lack of resources to review consumer legislation, and also due to a lack of political will.

**Appointment of COO**

An offer had been made to the most suitable candidate.

**MPI**

The supermarkets team had met with Tesco a couple of weeks ago. The Chairman had also had two useful meetings with the NFU and Sir Donald Curry.

**Comms**

The scams campaign has proved very popular and continues to receive good media coverage. The DSA code launches on 1 March. The NI banks supercomplaint and the LSE Article 22 decision had also received fair media coverage, the latter being better than expected.

**CE**

The Board was updated on CE4 and CE6 cases.

**CRE**

Advertising compliance review work has been very successful. The team is also doing a lot of work with publishing groups and will take action against offending publishers as well as advertisers.

It was agreed that there was a risk of duplication between the OFT and the FSA and that a more formal arrangement needs to be put in place to keep in touch on live issues. Jonathan May did a week of work shadowing at FSA and confirmed that the FSA would welcome this.

**Legal**

50 applications had been received for the 3 litigation posts which have been shortlisted to 17. Many of the applications are of high quality.
The Board was advised that there is a strong possibility of civil service-wide industrial action on 23 March.

**Item 4: Annual Plan consultation update**

Nothing in the responses to the consultation suggested substantial changes, although some good points were made, particularly on how we decide on priorities and measure success.

**Item 5: Open discussion session**

Each non-executive Director moderated discussion based on the following questions:

*How is the OFT doing and how can this be put into practice?*

The Board discussed progress made in the following areas:

- activity on cartels, etc
- activity on unfair trading practices
- tackling structural sectors
- helping business understanding
- active role in consumer empowerment
- championing freeing up Government markets
- streamlining OFT processes
- co-ordination with other enforcers
- slicker/more effective consumer credit regime
- more independent, rigorous, impartial merger control
- new Board structure

**Key lessons**

The three lessons identified from the discussion were:

- the need to tie up competition and consumer protection messages
- clarify the role in education/consumer campaigns
- clarify role of the Board in ‘leadership’ – our own expectations
What does the OFT need to do to better communicate our success?

This session focused on internal communications, and what we could do raise standards, share good practice and promote the type of behaviours we want. It was acknowledged that many staff enjoyed working at OFT and were enthusiastic about achieving the organisation’s goals, but negative criticism about delivery and a ‘blame culture’ did not help morale. The Board should make more of an effort to congratulate teams on good pieces of work.

Senior management does not devote enough time to internal communications, and more needs to be done here. This is covered to a certain extent by the internal communications group and the seminars programme, for instance, but any other ideas would be welcomed.

It was agreed that there was a lot of good work going on but good practice needed to be shared more widely. It was suggested that group bonuses and other innovative rewards should be considered.

What would Directors like to do differently?

Directors wanted to focus more on strategic issues and be more outward looking. At present they felt over-involved in day to day issues. This is a point that MPI will be looking at during its forthcoming Away Day.

It was acknowledged that it was difficult for Directors to get together as often as they would like, both alone and with the non-executives. It was suggested that an executive committee that would meet both pre and post Board meetings might be useful. This was a possible outcome with a new Chairman and Chief Executive. The Board suggested that it would be useful perhaps to have occasional late afternoon meetings (outside of the Board meeting schedule) followed by dinner with the Directors where issues could be discussed informally and the Board could focus on the OFT’s five priorities. This would also be a useful approach to follow-up on ideas that have been raised today The Board was also advised of the importance of closer liaison with Branch Directors. A paper on Board structure and the delegation process is to be prepared by Brian McHenry and Erik Wilson for the Board to consider.

It was suggested that it would benefit cross-office working if each Director took on responsibility for a theme in the Annual Plan. (This was subsequently discussed and agreed at TM2).

It was thought that the non-executives should meet for a half day on a regular basis.

Corporate governance is on the Board agenda for March, with a view to getting something underway by the Summer.
What changes, if any, should we make?

Making the Board structure work properly

It is clear that there needs to be more interaction between the Board, Directors and Branch directors, and that more needs to be done to improve internal communications across the office.

Management of expectations

The Annual Plan process is working well, and is recognised as a good vehicle for the management of expectations. It is important for OFT as an organisation to understand what we mean by prioritisation. There is more work to do on procedures and time limits, but progress is being made.

DTI/HMT review

We need to think seriously about the relationship between OFT and the CC. There is merit in some change, particularly with regard to merger control, depending on how CAT judgments evolved.

Selection of market studies

We need to make sure it is publicly known how and why we select areas for study. There is not a lot of knowledge about the good work OFT does in this area, and awareness needs to be raised.

Consumer information and enforcement – the role of OFT

More needs to be done to explain our role, particularly with regard to business. The 'making markets work well' tagline can be interpreted in different ways, which is something we all need to bear in mind.

Staffing/resources/intellectual capacity/risk aversion

It was agreed that there was much more to be done in these areas. Retention is a key issue for the organisation. A lot of training had been undertaken by staff, with some 50–60 per ceny of all G7 and G6s having received leadership training. Training on project management is currently being rolled out.

Item 6: OFT strategic planning

The Board considered the need for longer term strategic planning as proposed in paper OFT(05)11, which was considered useful to help shape our priorities. It was agreed that it was important to make the distinction between a 'strategy' and a 'vision', and that a review should be undertaken at each three year point to make sure that we were headed in the right direction. Our role in consumer empowerment needs to be thought about again. While it is good to provide consumers with information and to educate them on the behaviours needed in specific situations, it is only part of the OFT’s responsibility to empower or educate consumers. The Board does acknowledge, however, that more could be done in this area by those in a position to do so. The
Board also felt that moving to a five year planning process at this time could result in us spreading ourselves too thinly and diffusing our objectives.

The Board agreed that there was a great deal of overlap in the day's discussion with the broad themes set out in the paper. It decided to confirm the five priority areas already identified for the next three years.

**Item 7: Chairman's conclusions**

The Chairman concluded that the day had been very useful. The OFT had become a much more professional organisation over the last five years, and had become much better at the 'back-end' of processes, although more needed to be done at the early stages of cases. OFT was becoming more mature organisation and the transitional phase to the new Chair and CEO must not affect day to day work and delivery.

*Francesca Seymour*
Secretary to the Board
23 February 2005
Minutes of the Office of Fair Trading Extraordinary Board Meeting

Tuesday 8 March 2005

Present:
John Vickers (Chairman)
Penny Boys (Executive Director)
Lord Blackwell
Rosalind Wright

Apologies
Allan Asher
Christine Farnish
Richard Whish
Francesca Seymour (Board Secretary)

OFT Staff
David Fisher
Jonathan May
Brian McHenry
Mike Ricketts
Vincent Smith
Christine Wade

Board Secretariat
Erik R Wilson, Head of the Board Secretariat

Item 1: Hampton Review

1. The Board considered the paper OFT(05)22 which provides information on the decisions that the Government has reached on the Hampton Review’s final conclusions to be announced the week commencing 14 March.

2. The detail of the following meetings was reported to the Board.
   - Executive Director’s meeting: Monday 7 March
   - Chairman’s meeting with the Secretary of State for DTI: Tuesday 8 March

The following points were considered in discussion

Implications of the decision in the short term

3. The role and functions for the OFT remain unchanged until new legislation. The Board agreed that it should be business as usual.
4. A team would be set up within the OFT to assist analysis of the proposed changes.

_How might OFT functions be split in the longer term?_

5. The future shape of the two bodies appears not to have been fully thought through.

_Credit related functions_

6. Consideration is being given as whether to transfer credit functions to the Financial Services Authority.

7. The Board agreed that careful consideration be given to the impact this decision has on the work of MPI because of its cross-OFT functions.

_Location for the new organisations_

8. It is Government policy to locate functions out of London and the South East. It is reasonable to assume that the bodies will be established away from London.

_NON MINISTERIAL DEPARTMENT OR NON DEPARTMENTAL PUBLIC BODY?_

9. Consideration is being given as to whether or not any new organisation should be set up as a non departmental public body.

_New Chair and Chief Executive Officer recruitment_

10. The new Chair appointment will be announced shortly. The CEO recruitment campaign may be delayed to allow for the job description to be drafted taking account of the proposed changes. (The new COO is due to take up appointment on 11 April.)

_Communications_

- A message would be drawn up for staff as soon as possible, and a staff meeting will be arranged.
- A statement would be drawn up for use by Press Office.
- The key message is business as usual - important to continue our important work for consumers and business.

**Board Secretariat**  
8 March 2005
Minutes of the Office of Fair Trading Board Meeting

Monday 21 March 2005

Present:

OFT Board
John Vickers (Chairman)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Christine Farnish
Rosalind Wright

Apologies:
Richard Whish

OFT Staff:
Catherine Bicanic
Satpal Chana
Amanda Dadley
Tim Deasy
David Fisher
Gover James
John Lambert
Jonathan May
Dan Moore
Brian McHenry
Hannah Priest
Chris Rawlins
Mike Ricketts
Vincent Smith
Christine Wade
Graham Winton

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

External consultants
John Binns (Deloitte)
Glenn Carmichael (Deloitte)

Item 1: Minutes of the last meetings

The Board accepted the minutes from 21 February meeting subject to redrafting of Item 6 in the light of comments from Allan Asher, and to minor amendments to pages 2 and 3.
Minutes from the extraordinary meeting on 8 March

These minutes were accepted as a true record.

Item 2: Director’s Divisional Reports

The Board was updated on the following issues:

Hampton Review

The Board agreed that the OFT needs to clarify its position and make sure that its views are fed into the Treasury and DTI. It is also important that the critical questions are both asked and understood in the consultation document. Only two options have been presented by Hampton in his review, and one question will be whether or not more should be developed.

The Board will be kept informed of developments. It was agreed that Hampton would remain a standing agenda item for the coming months, with a proposed initial view coming to the Board in April, and the final view in May.

Staffing

The new Chief Operating Officer, Bart Smith, joins OFT on 11 April. The new Chairman will be announced by DTI later on 21 March.

CE

North East Roofing/Scottish Roofing

The two decisions on roofing had been well received by the Press.

NAO value for money audit

The NAO team gave a presentation to staff last week. It is due to publish its report late Summer.

Staff issues

The Board was thanked for its co-operation with the work being undertaken by Paul Taffinder. His report is due in April. CE has a number of staff going on maternity leave in the coming months.

External meetings

Vincent Smith and Mike Ricketts are meeting the Times on Tuesday. Vincent is also meeting the CBI competition panel and the Competition Law Forum in the coming weeks.

FOIA

The resource implications of FOIA were noted.
CRE

PNC checks

To date, a reply to Rosalind Wright’s letter to Baroness Scotland has not been received.

easyCar

The ECJ had decided that the exemption on the right to cancel does apply in this instance. This case will now go back to the High Court.

MPI

Supermarket Code audit

The audit report will be launched on 22 March. The audit finds that supermarkets have complied with the Code in broad terms. Our statement encourages suppliers to use the Code, and it is hard to judge effectiveness if it is not used. The statement is designed to elicit more information, and the team will come back to Board if necessary.

Staff issues

The Board was advised that Maggie Gibbons-Loveday has resigned. Steps will be put in hand to find a replacement.

R&S

There was nothing additional to add to the R&S report.

Comms

Annual Plan

This is due to be published on 30 March.

Scams

The success of this campaign continues, and Comms and CRE look to build on this success over the next 3 years.

Daily Mail

The Chairman had an interview with Alex Brummer from the Daily Mail last Monday. This has not yet been published.

Item 3: Reshaping CRE

The Board was presented with the background to the CRE review which commenced in January. It was agreed that the review was important to implement whatever came of Hampton, as the new structure was needed to
reflect OFT’s priorities. The new management structure would provide more support for the Directors, as well as more flexible use of resources.

The Board was supportive of the changes and congratulated the team on a first-class piece of work.

**Item 4: CRE case update**

This paper analysed the throughput of work and workload in CRE. It will be produced monthly for internal use, and eventually will be able to include comparative data.

The Board agreed that this information was very useful, and suggested the elaboration of special points (i.e. the information included in the footnotes), and the identification of market sectors, if possible. It asked to see the information on a quarterly basis commencing in June, as part of the Divisional Director’s reports.

**Items 5 and 6: Market investigation updates**

The Board was updated on two ongoing investigations.

**Item 7: Paysys update**

The Payment Systems Task Force was set up and is run by OFT on behalf of HM Treasury. The first few months were initially difficult, but industry is now recognising that it is a relatively good way to make progress following the Cruickshank Review.

The team updated the Board on the work of the BACS working group which is due to report to the Task Force on 31 March.

Future work for the Task Force includes access and governance in June and faster clearing on cheques in September.

**Item 8: Succession planning**

The CEO advert will be published in the next two weeks.

An issues paper is being prepared for the April Board meeting that will consider the relationship between the executive and non-executive functions of the Board. It will also look at the delegation of authorisations at the senior official level of the OFT. The Chairman’s job specification will be considered when drafting this paper, as well as the demarcation of responsibility between Chairman and CEO.

**Item 9: Any other business**

Board effectiveness

This will be discussed as part of corporate governance at the April meeting.
Items below the line:

**Item 10:** Final draft of the Annual Plan

A sentence or two on the CRE review will be included in the Annual Plan.

**Item 11:** External communications strategy for 2005/06

Recent comments from the Board on external communications had been reflected in the present document as had Christine Farnish’s point on joining up information on pieces of work. The Board also asked if consideration should be given to changing the phrase ‘empowering consumers…’ at paragraph 8 of the document should be changed to ‘enabling consumers..’.

The recommendations of the researchers who carried out the latest Annual Plan business and consumer research were being taken into account in Comms’ future publicity programmes.

Francesca Seymour
Secretary to the OFT Board
22 March 2005
Minutes of the Office of Fair Trading Board Meeting

Friday 22 April 2005

Present:
John Vickers (Chairman)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Rosalind Wright (from Item 6)

Apologies:
Christine Farnish
Richard Whish

OFT Staff:
Nick Beresford
Colin Brown
Darryl Fernandez
David Fisher
Daniel Gordon
Shagufta Hassan
Joseph Lowe
Jonathan May
Jocelyn McCafferty
Brian McHenry
David Pattison
Hannah Priest
Mike Ricketts
Bart Smith
Vincent Smith
Simeon Thornton
Graham Winton

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes of the last meetings

Minutes of 21 February meeting (OFT(05)2nd minutes)
Minutes from 22 March (OFT(05)3rd minutes)

The Board formally cleared the minutes from the 21 February meeting.

The Board accepted the minutes from the March meeting subject to the redrafting of the FOIA point at Item 2.
Item 2: Director’s Divisional Reports

The Board was updated on the following issues:

**Consumer Credit Bill**

It is hoped that this will be presented as an early priority after the Election. The implications for the CCLB IT project are being considered. The Board will be receiving a paper on this in May. Good progress has been made on the project, which received an amber light following the recent Gateway review. A “risk review” is planned for the VAX system if it were expected to remain in active use beyond April 2006.

**Comms**

The Annual Plan was published on 30 March with little media coverage. The Competition Law “pop guides” have also been published. The CBI will be sending copies to all its members and it is hoped the IOD and FSB will also circulate them.

The latest tracking research shows an increased awareness of competition law, although the awareness of the OFT by consumers has dropped. In comparison to other awareness of other regulators, this figure (high 70’s) is good, but this could be because OFT is a more established organisation with a well-known logo. The OFT codes logo needs to be thought about in the light of Hampton. Its use should be retained by the OFT if possible.

**R&S**

The OFT topped the league table for the laying of its annual accounts in 2003-04. The accounts for 2004-05 will be ready to lay on 13 June.

**Craven House**

The OFT has exercised the lease break on Craven House, which requires OFT to be out of the building by May 2006. Previous IT contingency plans for moving the VAX system to Fleetbank House are being re-visited.

**HMT financial management review**

The HMT financial management review of the OFT will take place in June. This review looks to ensure that OFT is operating in accordance with HMT’s financial management guidelines.

**Risk management**

Guidance on risk management and policy will be coming to the Board in May providing it is cleared through OMG on 28 April. It was noted that the Audit Committee had raised the issue of embedding risk management practice throughout the organisation.
Plans for future work

The COO is looking at ways to streamline R&S to make it more efficient. A temporary Head of Facilities Management has been appointed. The Board asked for the COO’s view in due course on the present performance of R&S and his plans for the Division.

**MPI**

Supermarkets

The supermarket audit report had received a relatively good reception.

Yell

Yell was referred to the CC in early April.

Airport slots

A paper on airport slots was tabled at the ECA meeting on 18 April. Considerable work is being done with the CAA and Department of Transport, and the OFT has been able to influence the European debate. The next stage is to prepare a note for members to agree should to go DGTren.

**CRE**

Holiday Clubs

The undertakings on Holiday Clubs was a good result and should have a major impact on markets across the Costa del Sol this Summer.

Unfair Commercial Practices Directive

The Unfair Commercial Practices Directive has been adopted. The OFT is on DTI’s project board, and work will start on plans for implementation as soon as the Directive is published in the official journal in July.

Officers Club

Officers Club is due in the High Court at any time from 28 April.

Hampton

It was noted that Hampton and the CRED review was taking up a lot of time at Director level.

Dutch consumer regulatory body

CRED has been advising the Dutch in the setting up of its regulatory body. It is thought that it has strong connections with the competition authority as it is being established by the Dutch economic ministry.
CE

Cartel leniency

CE is holding a conference on the leniency regime on 1 June. The European Commission has been invited, and some 50-60 acceptances have been received so far.

Restructuring of CE Division

Plans to restructure CE will come to the Board in June.

Item 3: Hampton update

The Board was presented with the Planning Group’s early assessment of the Hampton proposals. It was noted that the Board was not yet in a position to make a decision until more work had been done on how the OFT would manage each option. This will be discussed more fully at the May meeting.

The Board noted that additional resources were needed for the work on Hampton, predominately to cover consultancy and additional staff costs, and that a “below the line” paper would be coming to the Board in May.

The Board asked to be advised of the internal Planning Group meeting dates.

Item 4: Quarterly and financial performance report

The Board noted the financial and performance results for the year ended 31 March 2005. Individual Director’s comments were noted.

Item 5: Market investigation

The Board noted progress on an ongoing market investigation.

Item 6: Market investigation

The Board considered options for a forthcoming market investigation.

Item 7: Corporate governance and Board effectiveness

The Board was asked to consider the best way to evaluate its performance in relation to structure and function, actions, behaviour, skills and experience. The Audit Committee has recently conducted its own self-assessment exercise, and it is timely for the Board to think about its performance.

The Board agreed that this needed to be kept simple, and that there was no need to enlist external facilitators. Areas covered should include how the Board defines the strategic focus; holding the Executive to account; upholding the quality of decisions; external representation; maintaining the independence of the OFT; and internal leadership.
It was agreed that the COO would design a questionnaire for the end of May. The recipients would be TM2, and the Board. Responses would be sent to Erik Wilson who will discuss timing with the COO. The Chairman would hold one to one meetings with the NEDs across the Summer.

It was agreed that the findings would be shared with the new Chairman.

**Item 8: OFT Board structure**

The Board was presented with a broad template of the proposed structure post 1 October when the Chairman and CEO roles split. It was acknowledged that this was an evolving piece of work.

No changes have been made to the arrangements for authorisations as the present conventions work well. The Board said that the line in paragraph 7 relating to the CEO having the power to authorise certain committees should be deleted, as committees of the Board must be authorised by the Board. It was confirmed that this referred to project committees, rather than committees in governance, but the text would be amended. It was also agreed that market references to the CC should be included in the list at Annexe C.

It was agreed that this would remain a draft for revision. A track-changed version would be sent to the New Chairman, who has already had sight of the original document.

**Item 9: Any other business**

There was no other business discussed.

Items below the line:

**Item 10: Credit card charges for late payment**

The paper set out the next steps for CRED’s investigation of the fairness of credit card default charges.

**Item 11: Public procurement update**

This was noted by the Board.

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Francesca Seymour  
Secretary to the OFT Board  
25 April 2005
Minutes of the Office of Fair Trading Board Meeting

Monday 16 May 2005

Present:
John Vickers (Chairman)
Penny Boys (Executive Director)
Lord Blackwell
Christine Farnish
Richard Whish
Rosalind Wright

Apologies:
Allan Asher

OFT Staff:
Louis Christofides
Helen Creeke
Keith Davis
Cavendish Elithorn
David Fisher
Ray Hall
Christiane Kent
Bob Lawrie
Jonathan May
Brian McHenry
Chris Portman
Hannah Priest
Mike Ricketts
Bart Smith
Vincent Smith
Simeon Thornton
Christine Wade

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes of the last meetings

The Board formally approved the minutes from the 22 April meeting.

Item 2: Director’s Divisional Reports

The Board was updated on the following issues:
Letter to Secretary of State, DTI

The Chairman wrote to Rt Hon Alan Johnson MP on 11 May regarding Hampton. The Board agreed that an early meeting between the Chairman and SofS would be helpful.

Consumer Direct

A detailed paper on Consumer Direct will come to the Board in June.

FSA

The Executive Director had a very useful meeting with the FSA. The FSAs current regulatory approach is different to that of the OFT. The FSA would wish the FSMA and CCA to be aligned into one coherent framework if responsibility for consumer credit regulation was shifted.

SR06

The strategy for SR06 will be looked at by OMG at the end of July.

R&S

Restructuring of R&S

The Board will receive an update in June on plans for R&S, but in the interim the COO plans to recruit two G5s for HR and Finance. The Executive Director is content with this proposal, which the Board noted. The IT function will be considered at a later date.

Diversity benchmarking

The OFT was credited with being one of several “best newcomers” in a recent benchmarking exercise. However, we are still below average. The COO will shortly be announcing that he is to become the OFT’s Diversity Sponsor.

Efficiency delivery plan

The efficiency delivery plan will be going to OMG at the end of this month, then to HM Treasury.

Resource accounts

The draft annual report and resource accounts are likely to be laid in late June and to be published in mid July.

MPI

Northern Ireland Banks

This investigation will be referred to the CC next week.
Care Homes

The Care Homes report will be launched on 18 May.

Paysys

The Paysys progress report and the report on faster clearing will be published on 24 May.

Liability Insurance

A seminar with the key stakeholders, including OGDs, held last week was well received.

OFT representative in Scotland

This will be announced in the next few weeks.

CRE

CRED restructuring

The first moves under the restructuring of CRE have taken place this week. An advertisement for G6 and G7 vacancies will be going out in July.

Consumer Credit Bill

This will feature in the Queen’s speech. The CRE Bill Team has been reconvened to support DTI.

Irresponsible lending

The Board was advised that CRE will be reviewing the guidance on irresponsible lending in the coming year, and as a part of this review will be consulting the industry and other stakeholders. This issue is within one of the key themes in the Annual Plan.

Estate Agents Code

Which? has criticised the OEA again, and in particular the OEA’s lack of enforcement of its code under the OFT codes scheme. Which? has also provided 50 or so contracts which contain minor breaches of the code, some of which the team will be taking up with Legal.

Small Business Alert

An alert warning small businesses about cold callers using high pressure tactics to sell advertising space was issued on 16 May. This is the first alert of this kind.
Officers Club

The court hearing is now finished, and we await the judgment.

CE

Issues paper

The issues paper on consulting third parties during Competition Act investigations has been published. The consultation closes at the end of June, when responses will be considered with a view to statutory guidelines being produced later in the year.

Comms

In addition to points covered under the MPI report:

Magazine distribution – draft opinion

This is due on 19 May.

Championing Competition

This is a campaign aimed at small businesses and will run throughout the year. The tracking research had indicated that the knowledge of competition law by small businesses had plateaued, so this campaign is timely.

Item 3: Hampton update

The Board considered that the paper, including the input from Deloitte, provided a good basis for taking forward the option of the OFT widening its role. The team confirmed that it was engaged with the other agencies affected by Hampton, as well as stakeholders such as the CBI, BRC, Which? and NACAB.

It was suggested that an early meeting between the Chairman and Alan Johnson would be beneficial.

Item 4: CCLB Modernisation (Promod programme)

The Board was asked to endorse OMG’s recommendation that the full PROMOD programme should proceed as soon as HM Treasury approval is received and that LogicaCMG should be appointed as our strategic partner. It was noted that in approving this project, we would still be able to carry on with some asset replacement using capital EYF, but would not be able to invest in any other major projects over SR04. The COO assured the Board that this project had his full support.

Due to the urgency of this matter, the Board agreed to endorse the recommendation to proceed, with the proviso that greater savings should be sought. A report on progress here would come back to the Board in September. The Board approved the selection of LogicaCMG as our strategic partner.
Item 5: Case update

The Board was updated on the two ongoing cases.

Item 6: Risk assessment

The Board was asked to confirm that it was content with the Level 1 corporate risks attached to OFT(05)36. This had previously been discussed by the Audit Committee, who thought more should be captured of the risks around delivery.

The Board said that it found the format of the Annexe helpful, but would like to see more on HR risks such as the management of poor performance. It was acknowledged that work on this area was under way and would be in place by the end of June. It was also agreed that location should be identified as a separate risk; a strategy needs to be in place to manage any relocation including transitional costs.

The Board asked the Chairman how he sought to satisfy himself that casework is of high quality. This is done on a daily basis through the work of the office: meetings with teams and 1-2-1 meetings with Directors; merger decision meetings; office processes and external feedback. It was suggested that a regular audit of random cases might be useful although this was rejected as it would add to workloads. It will be interesting to see the results of the NAO audit in the Autumn. MPI issues a “lessons learnt” paper following every investigation. It was agreed that this was good practice.

Subject to the inclusion of the points raised, the Board was content with the risks identified.

Item 7: Proposed market study

The Board discussed a proposed market study.

Item 8: Any other business

Ofcom/Floe

The Board discussed whether to seek leave to intervene in the event of Ofcom appealing against the CAT judgment in the case of Floe Telecom. After discussion, the Board decided to do so.

Legal review

The Board asked what progress had been made following the Legal review. It was agreed that issues relating to CE would be discussed at the June Board under the item on the restructuring of CE.
Items below the line:

**Item 9: Hampton: Budget**

The Board approved the 05-06 ring-fenced budget and noted that funding would be required for 06-07 and 07-08. It also noted the workstreams at Annexe A.

Francesca Seymour
Secretary to the OFT Board
17 May 2005
Minutes of the Office of Fair Trading Board Meeting

Monday 20 June 2005

Present:
John Vickers (Chairman)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Christine Farnish
Richard Whish
Rosalind Wright

OFT Staff:
Frances Barr
Colin Brown
David Fisher
Amelia Fletcher
Claire Hart
Paul Gurovich
Christiane Kent
Brian McHenry
Nic Newling
Ali Nikpay
Simon Priddis
Mike Ricketts
Bart Smith
Vincent Smith
Christine Wade
Frances Warburton
Ian Windle
Graham Winton

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes from the last Board meeting (16 May) (OFT(05)5th minutes)

The minutes of the 16 May meeting were accepted subject to the Floe Telecom discussion being noted and the deletion of the word “minor” from the paragraph on the Estate Agents Code on page 3.

Item 2: Director’s Divisional Reports

The Board was updated on the following issues:
**Hampton**

The Chairman is speaking after Gerry Sutcliffe at the TSI event, and will refer to the option of placing the CTSA within the OFT in his speech. Consultation with stakeholders is ongoing.

**Meeting with Gerry Sutcliffe**

The Chairman and Executive Director met Gerry Sutcliffe on 16 June. Matters discussed included the CTSA, supermarkets, the Consumer Credit Bill and preparations for the EU presidency.

**GCR rating**

The GCR ratings are published on 21 June. The UK is joint second with DG Comp, ahead of Germany, but behind the US. OFT achieved 4¼ stars, with the CC achieving 4½. It is planned to issue a joint OFT/CC press statement.

**Senior staff**

Simon Priddis has been appointed as the new Senior Director of Competition Casework in CE. Recruitment for a new Head of Mergers will commence shortly.

**Comms**

Positive media coverage had been received on the Care Homes and Paysys reports. There is still a lot of interest in supermarkets and OFT’s report is due to be published after the July Board meeting. The tracking research is now up on the OFT website and shows an increased awareness in competition law but not for SMEs.

**TSI conference**

The Comms team has been working with colleagues on preparation for the TSI conference where the Chairman will be speaking. The OFT stand will be dedicated to scams awareness.

**External communications**

The Board said that every effort continued to be necessary increase the impact of our external communications, particularly examples of how we integrate consumer and competition work through our market interventions. It was agreed that Comms would look at every opportunity to get this message across.

**Consumer Detriment**

The Board was advised that the Consumer Detriment workshop would be a small event aimed at taking the consumer detriment work forward. Attendees will include invited academics who have worked on this area and others with an interest.

**MPI**

Good outcomes for May included NI Banks which has been widely welcomed.
New representative for Scotland

The new representative for Scotland (Kyla Brand) starts on 1 July.

CRE

Scams

The new scam-busting team is working well. Five press releases connected to the work of the team are in the pipeline and should receive good coverage.

Consumer Credit Bill

On the Consumer Credit Bill, unfair relationship clauses have caused some problems for DTI.

TSI conference

Christine Wade will be judging the excellence award at the TSI conference.

CRED restructuring

There are no plans to re-name CRED. The Board noted that attendance by NEDs at CRED events would welcomed as a morale boost.

MB Designs

Judgment on this case is still awaited.

Officers Club

Another hearing on the precise nature of the order is due to take place.

R&S

Resource accounts

The Chairman has signed off the Annual Report and Resource Accounts and the annual report of the Audit Committee will be coming to the July Board.

Health and Safety

The health and safety policy will be in place by the end of the month.

DTUS

DTUS has elected a new Chair vice David Pattison, Diana MacDowall. A meeting with DTUS is planned before the end of this month.

Item 3: Restructuring CE

The Board was presented with plans for the changes in the way in which CE work. It was explained that these changes took into account the views of external stakeholders as well as staff.
The key changes are the creation of a new post, Senior Director, Competition Casework (Simon Priddis); creation of a Preliminary Investigation Unit (PIU) (which will also deal with FOIA requests) and a removal of sectoral divisions in the competition investigation branches. The Board was also advised that Legal and CE were currently in the process of recruiting lawyers for CE Legal and CE1, and that the successful candidates would be required to be flexible as to working in CE or Legal divisions.

With regard to training, a scoping exercise is underway to identify what case-handlers need. This should be ready in the Autumn and will be delivered via a mix of external and in-house training. It was noted that the most valuable training was “hands on”, and line managers needed more support in this area.

The Board agreed in principle to the proposals, subject to more engagement at a senior level, sharing sectoral knowledge across Divisions (particularly MPI) and developing know-how and experience. Early engagement with the new Chairman and CEO was recommended.

The Division was congratulated by the Board on the success of the recent cartel leniency event, which had received positive feedback from external stakeholders.

**Item 4: Consumer Direct/ Hampton update**

*Hampton update*

It was confirmed that DTI would not be publishing its condoc at the TSI conference. This was now likely to be published early next week. The OFT companion document will be published alongside the DTI paper.

*Consumer Direct*

The Board congratulated Colin Brown on a good, clear paper.

The Board agreed to take on Consumer Direct subject to suitable financial and governance arrangements.

Consumer Direct will sit within the CTSA, wherever it goes. The Board agreed that even if it was only on a temporary basis, the OFT should in principle take on responsibility for Consumer Direct from the DTI. It is envisaged that the central team of 6 or 7 DTI staff currently working on the project would move to OFT, and could be located in Ealing or Kent.

It was agreed that taking on Consumer Direct should be seen as a positive step. The Board raised concerns about reputational risks, branding and DTI oversight. Further discussion needed to take place with DTI on finance. Within the OFT, more work would be done on where responsibility for Consumer Direct should be located. The work involved in managing the call centre contracts, and maintaining the present high performance of Consumer Direct, should not be underestimated. It was noted that OFT needed to be alert to potential conflicts of interest on the part of DTI given the suggested oversight role of the Department. It would be important to maintain the independence of both Consumer Direct and the OFT.
**Codes**

The Board approved the national launch of the Codes scheme. This will be announced via a press release in the next few weeks, with the launch planned for September early/October.

**TSI conference**

The Board agreed that the Chairman should mention the CTSA and OFT’s option in his speech to TSI.

**Item 5: R&S: State of play and plans for the future**

The COO presented his initial thoughts on R&S to the Board, which will be re-named “Corporate Services” at a future point.

Automating manual services will speed up service provision. Adverts for HR and finance directors will be in the press this week. How quickly these changes could be implemented depends on what happens with Hampton.

The Board asked if these thoughts were common across TM2. It was confirmed that at this stage, they represented the COO’s own initial thoughts. Discussions would be held in OMG about these and other plans on how increased efficiency across the office could be best achieved. Whatever was decided would probably take a couple of years to achieve.

It was agreed that the changes across OFT need to be part of a wider vision of how things could be done better, and internal communications needed to improve. It was also important not to use Hampton as an excuse to avoid doing anything.

**Item 6: CE case update**

The Board was updated on live CE cases.

**Item 7: Any other business**

No other business was discussed.

Items below the line

**Item 8: CRE case update**

The Board noted the current update on CRE cases.

**Item 9: Corporate risk register**

The Board noted the contents of the register, but made the point that the risk of fraud was not considered.

**Item 10: Re-appointment of Audit Committee members**

The Board agreed the re-appointment of the Audit Committee members.
Item 11: Resource Accounts

The Board noted the Resource Accounts for the year ended 31 March 2005.

Francesca Seymour
Secretary to the OFT Board
21 June 2005
Minutes of the Office of Fair Trading Board Meeting

Monday 18 July 2005

Present:
John Vickers (Chairman)
Penny Boys
Allan Asher
Lord Blackwell
Christine Farnish
Richard Whish

Apologies:
Rosalind Wright

OFT Staff:
Tim Deasy
Darryl Fernandez
Daniel Gordon
Brian McHenry
Jonathan May
David Osmon
Barbara Powell
Mike Ricketts
Bart Smith
Vincent Smith
Noel Tarleton
Simeon Thornton
Frances Warburton
Rob Williamson
Graham Winton

Audit Committee
Nigel Matthews (Chairman)

Observer
Philip Collins

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes from the last Board meeting (20 June) (OFT(05)6th minutes)

The minutes of the Board were accepted as a true record subject to amending the text on page 2 relating to external communications, and re-ordering the text at paragraph 3 of page 5 which relates to Consumer Direct.
Item 2: Director’s Divisional Reports

The Board was updated on the following issues:

**DTI appointments**

Sir Brian Bender will be taking over as Permanent Secretary vice Catherine Bell, in the Autumn. Stephen Hadrill is to be replaced by John Alty. (This post is temporarily being filled by Ed Hosker.)

**Corporate Services**

**HM Treasury review**

The COO attended a meeting with HMT regarding its review last week. There was nothing critical or surprising to report. Mary Keegan is coming to see the Chairman in early August. General view is that the OFT’s financial management is in good shape.

**HR policies**

The Board was advised that the Staff Handbook was in the process of being updated and simplified. Work is commencing with the bullying and harassment policy and the policy on dealing with poor performers.

**LogicaCMG**

The Board was advised that the contract for the PROMOD project would be signed that day.

**MPI**

**Update on Government and Markets key theme**

The Board was advised that this work is in its early stages, and is looking at how we relate to key departments outside DTI and HMT. This will require common messages and perhaps a core script. This work also links to the cross-Departmental Competition Forum. A meeting is planned with the Better Regulation Executive in the coming weeks; the Better Regulation Executive could be a good vehicle to get Government departments interested in what the OFT does.

It was noted that thought needed to be given to competition policy that might arise in connection with the Olympic Games in 2012 and Government’s role. CE has done work in this area and had been advising DCMS in the run-up to the decision. Suggestions to look at the ACCC experience and that of the French during Euro 98 were made.

The next report to the Board in six months time should be able to show the areas of Government activity where the OFT can have the most impact.
CRE

Officers Club

The remedy hearing scheduled for 15 July did not take place and a further date is awaited.

Access to criminal conviction data

For a considerable period the OFT has been seeking to gain access to these records in connection with its regulatory work in licensing of credit providers. Efforts are continuing.

Consumer Detriment project

The team will be looking at work already in hand by Ofgem and Ofcom on vulnerable consumers. It is also meeting Experian to discuss what scope there is for identifying detriment, and will be speaking to Amelia Fletcher to discuss research undertaken on non-financial detriment.

Unfair Commercial Practices Directive

There is a meeting this month to discuss this. DTI has undertaken work to identify the legislation and policies in this area. More should be known when the project plan is published this month.

Consumer Credit Bill

This is in the second reading in the Lords, having completed all the Commons stages. Royal Assent is expected in March 2006. A paper will be coming to the September Board setting out a risk-based approach. Consultation will take place after Royal Assent has been granted.

CRED restructure

The promotions to G6 have been completed, and the G7 board is ongoing. Once completed the re-structure can go forward.

CE

Newspapers

Consultation on the opinion continues.

Comms

Hampton

The OFT companion document to the DTI consultation document which sets out OFT’s vision for the CTSA had received slight media interest.
**Mela**

Plans are underway to attend a Mela in August, with the aim of targeting ethnic minority consumers. There are plans to look at ways of targeting ethnic minority women, perhaps through visiting temples.

**Consumer codes scheme**

This will be launched on 5 October.

**Legal**

**Recruitment**

Sixty applications for competition lawyer and CE1 posts have been received, and fifteen applications for the post in CRE.

**Item 3: Financial report**

The Board noted that there was still an underspend for the reporting period ended 30 June.

The Board was advised that the review of the Codes scheme in 2006 would be too early, as insufficient data on the (soon to be) five Stage 2 achievers would be available.

**Item 4: Proposed market study**

The Board discussed a proposed market study.

**Item 5: Audit Committee report to the Board**

Nigel Matthews joined the meeting for this Item. The Board was thanked for reappointing the Audit Committee members, as were Bart Smith and Darryl Fernandez for their support. Progress continued to be made, particularly on risk management and communication with Divisional Directors. The Committee had run its own training session, and proposed to repeat this exercise.

The Board asked if there were any examples of risks that had migrated to the register. Progress is being made in this area, and a system is being developed that will judge the criteria and get the balance right between the theoretical and actual level of risk.

**Item 6: Supermarkets – update**

The review of the supermarkets code of practice was published in March. Twenty-nine responses were received to the consultation, and the team met with those parties who requested a meeting. The results need to be published sooner rather than later, with selective briefing provided for key journalists. The results will be launched on 3 August.
Item 7: Proposed market investigation

The Board was asked to consider a proposed market investigation.

Item 8: Any other business

There was no other business to discuss.

Items below the line

Item 9: IT expenditure

The Board approved the additional expenditure set out in OFT(05)50.

Francesca Seymour
Secretary to the OFT Board
27 July 2005
Minutes of the Office of Fair Trading Board Meeting

Monday 19 September 2005

Present:
John Vickers (Chairman)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Christine Farnish
Richard Whish
Rosalind Wright

OFT Staff:
Frances Barr
David Beckett
Simon Brindley
David Fisher
Paul Gurovich
Sue Jones
Brian McHenry
Jonathan May
Ali Nikpay
Mike Ricketts
Bart Smith
Vincent Smith
Christine Wade
Nina Woods

Observers
Philip Collins
John Fingleton

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes from the last Board meeting (18 July) (OFT(05)7th minutes)

The minutes of the last meeting Board were accepted as a true record.

Item 2: Director's Divisional Reports

The Board was updated on the following issues:
Codes launch

The Codes launch will take place on 5 October.

Meeting with the Better Regulation Executive (BRE)

The Board was advised that a meeting with William Sargeant would not be able to take place until the New Year. Plans are underway to arrange a meeting with David Arculus and with the new Chief Executive when he or she is appointed. CRE are in contact with BRE on a working level, on both the Hampton and the Consumer Credit reforms.

Communications

Mela

Attendance at the London Mela had proved very successful with a good turnout. Visitors to the OFT stand were in the main consumers.

Competition and Consumer Day

This went very well with good attendance and quality of debate.

Announcements

Major announcements over the Summer included MasterCard, the PPRS market study and the final decision on the supermarket Code.

The PPI supercomplaint, the proposed takeover of Ottakers by HMV, and supermarkets were receiving a lot of press coverage. There had been little media publicity on the CAT findings on ATR and Claymore.

OFT website

The Board said that it was difficult to find the new competition guidelines on the website, and that the competition area needed refreshing. Work to improve the website is under discussion.

Update on Scams key theme

The group has met a number of times, and comprises of members from CRE, Legal and MPI. The group is now looking at what it should be targeting in the coming months. This includes undertaking research into how other countries deal with scams, and the findings will coincide with “Scam Month” in February. The team has also been briefing ITV for a new television series looking at scams, due to be broadcast in February.

The Scams Enforcement Group has its inaugural meeting on 22 September, and will include external stakeholders e.g. NCIS. The group is keen to do more work with the police, who currently only get involved in cases of fraud.

Work continues in the area of consumer education, and the new CEO will be taking this work forward on arrival.

The Board said that there needed to be a clear definition of what constituted a scam.
**MPI**

*Competition and Consumer Day*

Jonathan May thanked his team and that from Comms for the excellent work that went into making the day a success. The keynote speeches had been good, as had the variety of debate.

*Care Homes*

Government responses had been positive, and it had agreed to set up “one stop shops” providing information for consumers. Overall the care homes report had been well-received.

*PPRS launch*

This had gone well, and is due back to the Board in March.

*PPI supercomplaint*

The Board noted that the above supercomplaint had been received and that it would be advised of action taken in due course.

*Supermarkets*

The review of the Code was published in August.

*Payment Systems Task Force*

The Task Force will start a new workstream on the use and future of cheques.

*State aid*

The EC Commission have proposed changes to the state aids regime. We have written to them formally setting out our initial views, and will follow up with meetings. The OFT report on subsidies is due later in the Autumn. The Board noted that this work and that on airport slots have had encouraging responses.

*Storecards/LPG*

The Competition Commission’s preliminary findings are in line with what came to the Board on both studies

*Corporate Services*

*05/06 pay award*

Negotiations with DTUS have begun. The revised performance management forms and guidance are due to be discussed at the next OMG, as are the revised HR policies.
Consumer Direct

The COO is due to meet with PWC to discuss its report on Consumer Direct, due at the end of September.

CRE

CRED restructuring

Senior and middle managers are now in post and the review is on target for completion by the end of this financial year.

Consumer Direct

Christine Wade thanked the COO for his work on Consumer Direct. Adrian Walker-Smith has joined CRE to lead the delivery team. All Divisional Directors have visited a Consumer Direct call-centre.

The Board will be updated on DTI’s arrangements for the transition and financial arrangements at the next Board meeting.

Scams

CRE is working closely with DTI who are sponsoring regional scams teams. It is envisaged that the OFT will be able to share intelligence on scams with these teams.

Consumer Protection Cooperation Regulation (CPC)

This work continues.

Unfair Commercial Practices Directive (UCPD)

Work is proceeding in this area. The Board asked for a session to update members on UCPD over lunch at the October meeting.

PROMOD

The Board endorsed the proposal to develop options 4 and 5 in OFT(05)58.

Access to Criminal Records

The team has again written to the Home Office with the OFT’s business case and awaits a response.

CE

Claymore/Express

The decision has been made not to appeal against the CAT judgment.

NAO report

This is due to be published at the end of October.
CE matter

The Board considered an update on the handling of an ongoing CE matter.

Item 3: Restructuring process

The Board said that this was a strategic issue that needed to be given high priority. A policy needed to be agreed by the Board and applied corporately. It remitted paper OFT(05)52 to the new CEO and HR Director, to come back to the table for discussion at the November meeting.

Item 4: Hampton: Response to the DTI condoc

The Board noted that the decision on Hampton should be taken by Ministers in January. A decision on where to locate consumer credit responsibilities is running on a different timetable, with a decision due in September 2006.

Item 5: Preparation for the Annual Plan

The timetable of going out to consultation on 1 December and publishing the document in March was noted. The Board said that the plan should take stock of what the OFT has achieved thus far and show the way ahead for the future. How the OFT interacts with stakeholders is very important, but it is also important that staff are involved. With this in mind, Branch Directors are being asked to nominate representatives who will be able to represent Divisions through focus groups, intranet forums, etc. DTUS will also be asked to seek views from its members.

The Board added that progress made on the 5 priority areas should be covered, as well as where the OFT’s interventions have made an impact on markets. Market studies and references should be highlighted more, as should work on the consumer empowerment.

This Annual Plan will also set out the role of Chairman and CEO.

Item 6: Risk assessment for Consumer Credit licensing

The Board was given a presentation on the risk assessment policy for Consumer Credit licensing in support of OFT(05)55. The Board asked if it was likely that TSDs would ask for funds to undertake visits to applicants. The team confirmed that this was likely as it would be additional work to what is done now. Staff would also need to be trained to perform this function.

The Board asked if the team’s approach was consistent with the work of other regulators. The team confirmed that it would take into account the work done by LABERG project (rationalising inspections done by local authorities) and that it would seek co-operation from the FSA to avoid duplication of effort. The team also confirmed that the Codes scheme would feature in the risk assessment system.

It was noted that current target to complete an investigation is 6 months and that licences are not suspended during the period of investigation.

The team confirmed that the Bill introduces the intermediate sanction of requirements. Requirements will compel an organisation to refrain from an action causing consumer detriment. If the requirement is breached the organisation can be fined. The Board was content with the proposed approach.
Item 7: Transitional arrangements

The Board noted that the Statutory Authorisations signed by the Board on 1 April 2003 were still valid. The new Chairman would sign a clean version of the authorisations (which includes all amendments made since 1 April 2003) on 1 October.

The Board agreed to this transitional arrangement. It would re-visit the authorisations at the January Board.

Item 8: Any other business

There was no other business to discuss.

Item below the line

Item 9: DTI consultation on Consumer Protection co-operation regulation

Discussed under Item 2 and endorsed by the Board.

Item 10: Transposition of the UCPD – Progress report and key issues

Discussed under Item 2 and noted by the Board.

Item 11: PROMOD – Scope for additional efficiency savings

Discussed under Item 2 and approved by the Board.

Francesca Seymour
Secretary to the OFT Board
21 September 2005
Minutes of the Office of Fair Trading Board Meeting

Monday 17 October 2005

Present:
Philip Collins (Chairman)
John Fingleton (CEO)
Penny Boys (Executive Director)
Allan Asher (Items 3 – 9)
Christine Farnish
Richard Whish
Rosalind Wright

Apologies:
Lord Blackwell

OFT Staff:
Nick Beresford
Tabitha Bonney
Ian Edwards
Cavendish Elithorn
Naja Felter
Lindsay Gardiner
Daniel Gordon
Brian McHenry
Jonathan May
Mike Ricketts
Bart Smith
Vincent Smith
Linzi Talbot
Christine Wade
Ray Watson

Board Secretariat
Erik Wilson
Francesca Seymour (Board Secretary)

Item 1: Minutes from the last Board meeting (19 September) (OFT(05)8th minutes)

The minutes of the last meeting were accepted as a true record.

Item 2: Director’s Divisional Reports

The Board was updated on the following issues:
Meeting with Alan Johnson MP, Secretary of State - DTI

The Chairman, CEO and Executive Director’s meeting with Alan Johnson and Gerry Sutcliffe had focussed mainly on Hampton.

The CEO will be chairing weekly meetings of the Hampton team to draw up a concrete plan for how of the CTSA could work in practice in the OFT and to put in place a programme for visiting stakeholders throughout November and December.

The next meeting with DTI ministers will be in January with the Board to discuss the Annual Plan.

CE

The Board noted reports on a number of cases.

Finance

CE is currently under spending against forecast.

CRE

Codes

The Board noted that ABTA had now received stage 2 approval under the Consumer Codes scheme. The Chairman had visited the Codes team on the day of the launch, which had gone well.

Misleading advertising

There had been a lot of coverage on the 66% credit adverts. This was a good example of collaborative work with Trading Standards.

Consumer Direct

This is phasing in well, and many concerns have been addressed. Donna Davies has joined Adrian Walker-Smith’s delivery team.

Access to Criminal Records

The team has written again to the Home Office to see if an exemption under the Rehabilitation of Offenders Act can be obtained which will allow us to see spent convictions. If this has not moved forward within the month, the Chairman will intervene.

BRE

The BRE has been involved in the consumer credit work, and a press release will be launched next week.
Finance

CRE is currently showing an overspend under Objective 1 and an underspend under Objective 2.

Comms

Codes launch

The Codes launch had gone well with good coverage in the press. Christine Wade had appeared on Working Lunch and You and Yours. The adverts will be running for the next month or two.

Press coverage

Four pieces on Scambusters ran in The Times on 22 September.

The Financial Times ran the Chairman and CEO’s interview on its front page, and subsequently pages 2 and 3. It mainly focussed on healthcare.

Derry Roadshow

This went well.

Annual Plan Stakeholder events

Dates for the Annual Plan stakeholder events are confirmed as 17 January in London and 19 January in Edinburgh. As many of the non-executives as possible are invited to take part. It was noted that organisations in Scotland are becoming increasingly interested in the OFT’s work.

Website

Patching work has been carried out to enhance navigation of the competition area of the website, and a meeting is planned with CMGLogica (the OFT’s strategic partner) to discuss how to take work on improving navigation forward. Vincent Smith asked to join this meeting.

Finance

Comms is showing an underspend, which is due to timing factors.

MPI

Paysys

A meeting between HM Treasury and the CEO is scheduled for 19 October.
Finance

MPI is showing an underspend, though some of this will be taken up by the payment of consultancy bills at the end of the year. There may be funds available that could be allocated elsewhere.

Corporate Services

Staff

Corporate Services now has a full management team in place.

Pay Award

We are close to agreement on the main pay award.

Consumer Direct

PWC has completed the Consumer Direct due diligence report, which will be discussed at OMG on 31 October. A fuller paper on Consumer Direct will be tabled at the November Board meeting.

Finance

Corporate Services is showing an underspend for the first six months of the period. This will be reduced by the end of the year.

How financial information is presented to the Board will be reviewed in due course.

Item 3: Proposal for a market study

The Board considered a proposed market study.

Item 4: Market study - update

The Board was given an update on a current market study.

Working Lunch – Presentation on UCPD by CRE

The Board received a presentation on the UCPD, which is due to be implemented in December 2007. The DTI will consult in November, requesting responses in mid-February.

The presentation covered the substantive articles, themes of the consultation and the team’s current work (which includes holding staff seminars and the creation of intranet pages to keep staff updated on developments) and training, which the OFT is leading on.

It was agreed that the Chairman and CEO would inform stakeholders about UCPD at forthcoming meetings.
Item 5: Results of the Consumer Detriment project

The Board was provided with a report on the Consumer Detriment project.

The team aims to build up a practical picture of where detriment arises, who it affects and why. The Board noted that this work was broader than that of Consumer Direct, and that it would feed into work across the OFT and would inform the UCPD work. It was acknowledged that this was an important project, and should be re-visited by the Board at the next stage.

A further paper will come to the Board in due course.

Item 6: Annual Plan 2006

The CEO presented his thoughts on a framework for the annual planning process that could be used year on year. This reflects the recommendations recently made by the NAO.

The Board will consider the draft Annual Plan at the November Board. That discussion will also consider how to include points on the CTSA. The final draft will be signed off by the Board at the February meeting. DTI and HM Treasury will discuss the Annual Plan with the OFT as part of the overall consultation process.

Item 7: Any other business

A paper on restructuring policy is due to come to the Board at the November meeting.

Items below the line

Item 8: CRE quarterly case review

This was noted by the Board.

Item 9: Request for one-off payment to support the CRE review

The Board agreed a £300k one-off payment to support the CRE change process on the understanding that the benefits would be deployed across the OFT as a whole.

Francesca Seymour
Secretary to the OFT Board
19 October 2005
Minutes of the Office of Fair Trading Board Meeting

21 November 2005

Present
Philip Collins (Chairman)
John Fingleton (CEO)
Penny Boys (Executive Director)
Allan Asher
Lord Blackwell
Christine Farnish
Richard Whish
Rosalind Wright

OFT staff
Gordon Ashworth
Hannah Charlton
Donna Davis
Christiane Kent
Mark Kram
Brian McHenry
Jonathan May
Ann Pope
Mike Ricketts
Debbie Samosa
Bart Smith
Vincent Smith
Christine Wade
Adrian Walker-Smith
Rob Williamson

Board Secretariat
Erik Wilson
Steve Rayner

Item 1: Minutes from the last Board meeting (17 October) (OFT(05)9th minutes)

For future minutes the following requirements were agreed:

- there should be no unexplained acronyms in minutes
- there should be clear reference as to the responsibility of internal teams when mentioned i.e. MPI2 (Market Studies)
- unless there is a problem to be discussed at Board level, references to finances within divisional reports should be restricted to the Corporate Services section.
Item 2: Director’s Divisional Reports

The Board was given a short update on paper OFT(05)68. The Board welcomed the approach towards an integrated approach to dealing with complaints. It was noted that the CRED reorganisation and upcoming health initiatives would provide natural environments in which to develop and test this approach.

Corporate Services

Pay

The unions are due to conclude their ballot of members by Friday 25 November. The agreement is expected to be approved, and bonuses are due to be paid to staff on the last working day before Christmas.

Staff attitude survey

A paper on the staff survey will be submitted to the November meeting of the Operational Management Group. Results will be shown to all staff.

Staff relocation survey

A high response to the survey of nearly 75 per cent was partly attributable to active and welcome support from trade unions. A third of staff would move if the location and financial terms were acceptable.

Diversity

The OFT will produce a departmental plan in response to the 10 point plan for diversity recently announced by Sir Gus O’Donnell.

Spending round 2007

A letter from Treasury detailing arrangements and requirements for SR07 is expected.

Markets and Policy Initiatives

Payment systems

A faster electronic payment clearing process has been proposed that will have a significant effect on clearing times.

Supermarkets

The Chief Executive appeared before the All-Party Parliamentary Shops Group (APPSG).
Ideas workshop

This event was a success, producing ideas to take forward and a better understanding of existing problems.

Communications

Championing competition

It will be important to capitalise on the success of the event held on 18 October, particularly as an opportunity to build links with small businesses.

Press coverage

OFT views led in press reporting on payment systems, the Schools Statement of Objections, the All-Party Parliamentary Shops Group and Oakley sunglasses decision.

Roadshow

The Dundee roadshow on 3 November was a success, despite a low turnout at the business seminar.

Consumer Education Alliance

The first meeting of the alliance on 4 November has shown the potential for cementing links and sharing best practice with other organisations.

Stakeholder events

In order to maximise the impact of this year’s events, and induce debate, Comms should look to amend the format to include major stakeholders and Government figures. Comms will also liaise with CRED to investigate the possibility of dovetailing the Scottish leg into other consumer events taking place in Scotland at that time.

Consumer Regulation and Enforcement Division

Access to criminal conviction data

While the Home Office has accepted our need to have to access to this data in certain cases, they are not willing to move any further until the consultation process for the Consumer Credit Bill is complete. Now that the Bill is nearing Royal Assent, the DTI has resources to assist in negotiations.
Scambusters

DTI has agreed that the OFT should coordinate regional intelligence officers and a number of regional scambuster campaigns.

ICPEN

ICPEN will hold an annual fraud awareness month in March. The OFT will liaise with the Canadian, Australian and American authorities on joint enforcement projects on a yearly basis.

Competition Enforcement

The Board noted progress on various ongoing cases.

Institutional arrangements on fraud

Press reports of the idea for a new Fraud Office which would include criminal cartel cases were noted by the Board. The OFT will investigate, and begin the process of formulating an official position on these proposals.

Item 3: Annual Plan (taken out of sequence after item 5)

The annual plan is due to be complete by Monday 28 November, although the deadline should be set back if it means that a better document can be delivered. Thought should be given to launching the plan simultaneously at consumer and competition events. Board members are to submit further comments and suggestions on the plan by close of play on Thursday 24 November.

Item 4: Healthcare group

The group was congratulated on the timeliness and content of its report. It was noted that as a group of emerging and important markets, the healthcare sector should remain a priority area, and will provide an ideal environment in which to explore the full range of the OFT’s capabilities. It was evident that while the group had done their best, this was in addition to their other office commitments. The Chief Executive would make proposals for new internal working arrangements for this priority early next year.
Item 5: Consumer Direct

The Consumer Direct (CD) Transition team gave a short overview of live issues, reporting that: transition planning is now fully integrated with the DTI, transition is running to timetable and that recruitment for the central team within the OFT is underway, and will be completed soon. Thought will now need to be given to the governance structure once CD is fully operational and functioning within the OFT.

A paper on the structure of post transition CD governance will be submitted to the January Board by the Transition team.

Item 6: MPI market study

The Board agreed a proposal to commit to a new market study. Press will be briefed accordingly.

Item 7: National Audit Office Report

The OFT is pushing forward with points raised in the NAO report, including dealing with issues, performance, guidance and internal challenges.

Item 8: Any other business

Regulatory Reform Bill

The Regulatory Reform Bill is now to be introduced in the next session of Parliament.

Scotland

The Chairman had a useful series of meetings during his visit to Scotland for the OFT Dundee roadshow. More needs to be done to build on the excellent work of the OFT Scottish representative in developing relationships with the Scottish Executive and Trading Standards Service. A paper will be submitted to the February Board.

Away day

Draft proposals will be sent to the Board members in the next couple of weeks.

Steve Rayner
Secretariat
22 November 2005