

Minutes

Minutes of the meeting of the directors, held on 22 June at 10.15, via video conference call

Present

Baroness Manzoor CBE	Chair of the board
Heather Lauder	Director
Graham Brammer	Director
Bill Castell	Director (until 13.00)
Sarah Lee	Director
Ruth Leak	Director
Jacob Abboud	Director

In attendance

Nausicaa Delfas	Interim Chief Executive & Chief Ombudsman
Julia Cavanagh	Chief Financial Officer
Caroline Nugent	Director of HR&OD
Garry Wilkinson	Principal Ombudsman & Director of Investigation
Nicola Wadham	Chief Information Officer
Richard Thompson	Principal Ombudsman & Director of Quality
Yvette Banister	General Counsel
Dame Gillian Guy	Independent Assessor (item 3)
Catia Pinto	Senior Caseworker to the Independent Assessor (item 3)
Nisha Motwani	Head of Customer Experience (item 3&4)
Debbie Enever	Head of Stakeholder Engagement (item 7)
Alison Hoyland	Board Secretary
Megan Webster	Policy and Communication Manager

Apologies:

Annette Lovell	Director of Strategy and Engagement
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1/2106 Board and committee meetings:

The Board agreed the minute of the Board meeting on 24 May 2021. There were no matters arising. The Board noted the oral update from the Nominations Committee meeting held on 8 June. One of the substantive items discussed by the committee was the review of the Service's Board sub-committees. The outcome of that discussion would be considered by the Board later in the agenda.

2/2106 Interim Chief Executive and Chief Ombudsman report fos/21/06/02

The Interim Chief Executive and Chief Ombudsman had taken the opportunity of her appointment to review and rationalise the various reporting provided to the Board. The Board noted the new look monthly report which provided an update on key strategic, financial, operational and business performance issues. It comprised a comprehensive round up of previous reporting, with additional information and assurance in other areas and it drew out the key areas of interest. The Board agreed the report should replace the monthly and other ad hoc reports which had been provided to date, including the monthly operational and other key MI 'snap shot' report and the fortnightly report on Covid-19. The format and content of the report would be further iterated based on Board members' feedback.

The Board noted the updates on:

- Key internal and external stakeholder engagement and key issues on the radar.
- Financial, casework and business performance.
- Quality and customer satisfaction.
- Key people measures.
- Key IT projects, system availability and security.
- Key litigation, service complaints, data access and data protection compliance and MP contacts.

The Board discussed the key matters arising.

Actions:

- The Lending Standard Board's report into the implementation of the Contingent Reimbursement Model Code for Authorised Push Payment Scams to be circulated to the Board [July].
- Board members to share feedback on the new CEO report. [June/July]

3/2106

Annual report of the Independent Assessor (IA) for 2020/21

fos/21/06/03

The IA attended the Board to present her annual report for 2020/21, which set out the number and nature of the complaints received and the recommendations made. The Board noted the IA's report spanned a period where two IA's were in post – the predecessor IA, Amerdeep Somal, stepped down in September 2020 and the current IA, Dame Gillian Guy, took up the role from October 2020.

The Board noted that during 2020/21 the Service had resolved nearly 250,000 cases. While it was regrettable that there were times when the Service had fallen short of the high standards it set itself, encouragingly, service complaints continued to represent a small proportion of its overall case resolutions (1.68%). The IA had received service complaints on 516 of the cases resolved (0.2% of the overall case resolutions). Low volumes aside, the Service recognised that service complaints and the IA's findings provided a unique and important opportunity to learn from what customers said about the level of service they had received.

The Board noted the key areas for improvement the IA had highlighted over the year which related to timeliness and communication – themes which had also been seen in previous years as the Service continued to see growth in complaints volumes (outside PPI) to the Service. The Board agreed that while the Service had longer waiting times than it would like, setting clear expectations on what people could expect from the Service was key. More widely the Board agreed it would be important for the Service to be clear about what types of issues it could help with and not over-extend itself to try and help customers with issues that weren't for the Service which could sometimes lead to disappointment further down the line. The Board noted the Service planned to publish its Service Level Agreements later in the year to help set out what customers could expect and when they could expect to be given updates on their case.

The Board agreed that the IA's findings and annual report were a key part of the overall assurance framework - and a key element of the ways in which the Board was able to maintain a check and balance on quality and the level of customer service being provided. The Board agreed that the remit of new Quality Assurance Committee (see item 6) should cover learnings from the IA recommendations and management actions.

The IA's annual report and the Service's management response would both be published on the Service's website following the meeting.

Actions:

- Service Level Agreements to be published as soon as possible (subject to the necessary governance checks and publishing arrangements) [TBC]
- The learnings from the IA recommendations and management actions to fall within the remit of the new Quality Assurance Committee. [TBC]

4/2106 Customer Surveying

fos/21/06/04

As part of the Service's work for developing its wider strategy for enhancing customers' experience, the existing approach for seeking feedback from all customers and measuring their views on the quality of the service/experience provided had been reviewed and a new approach would be tried going forward, including the use of a new survey tool.

The Board noted that key elements of the new approach would include increasing the trigger points at which consumers would be invited to complete a survey, more frequent surveying of respondent businesses, building and deploying more tailored surveys and reviewing the existing consent model to help widen the audience base for surveys. A fully integrated view of the service being provided and opportunities to improve would be achieved by sharing data and insights and joining up with other information across the Service, as well as aligning customer satisfaction data with data from the new quality assurance framework and service complaints. The Board noted the new approach would include measuring customer satisfaction rather than the existing customer confidence measure and undertaking a full review of questions, placement, weighting and sampling to ensure validity.

The Board noted the high-level timetable for delivery which anticipated the new survey approach would begin during quarter two. The Board asked for an update to be provided in September to include an update on related work to review the consent model for processing personal data.

Actions:

- Update on the initial outcomes from the new customer surveying approach and update on work to establish a new consent model to be provided in September [September]
- Consideration to be given to resourcing in Customer Experience including in relation to customer surveying. [TBC]

5/2106 Unallocated casework queue

fos/21/06/05

The Service's published budget for 2021/22 set out plans for receiving incoming case volumes of 150,000 and resolving 190,000 cases and reducing the unallocated queue by around 40,000 by the end of the year. These plans recognised the significant number of additional cases received during the previous year as a result of the Covid-19 pandemic. At the end of April, the number of unallocated cases waiting for investigation stood at 89,000.

Against the backdrop of significantly longer waiting times, the Board and the executive were committed to reducing the queues as far as possible and the executive team were considering what additional operational levers it could deploy to reduce the unallocated queue more quickly and resolve more cases than set out in the plans. The Board had encouraged the executive team to consider the "art of the possible" for further consideration, including as against any associated cost implications.

The executive presented a range of options it had been testing, with initial estimated costs and the likely benefits that might arise. Some were "no regret" options, for example, continuing to offer overtime for casework staff, and were already being explored further with a view to taking them forward (subject to the budget being available). In terms of the options that would require significant investment, the Board noted that such initiatives would not be met within the parameters of the existing budget and alternative funding would need to be found. Further, a number would have

an in-year impact on output due to the support required from existing resources and some would not realise any in-year uplift in output due to the time it would take to mobilise them.

In terms of in-year interventions, given that current performance levels were tracking higher than the budget forecast and indicated possible additional resolutions of between 5,000 and 10,000 above budget forecasts, the Board agreed that any new approaches would need to be carefully balanced against the possible disruption that might be caused to the existing operation. In the absence of any intervention that would make an appreciable cost-effective difference in-year, then improvement plans should be based on a combination of the current plan (which anticipated output improvements throughout the year), 'no regret' interventions and any other cost-neutral initiatives.

The Board agreed that the Service should pursue the 'no regret' options, and it would consider any other recommendations and the associated business case at its next meeting in July.

Actions:

- Recommendations on options and costings for tackling the unallocated case queue to be presented to the July Board [June/July]

6/2106

Independent review of the Board sub-committees

fos/21/06/06

The Service was committed to meeting the high standards of corporate governance and sought to comply with the Corporate Code and other guidance on good governance practice where appropriate and applicable.

During 2020/21, the Chairman of the Board had commissioned an independent two-part governance review as a health check on the Service's current Board governance arrangements and to make recommendations for how they might be enhanced. Part one comprised a review of the Board sub-committee structure and associated governance and an independent Board effectiveness review was due to be carried out under part two. The timetable for the Board effectiveness review under part two was dependent on embedding the recommendations from part one and would reflect the timing of non-executive director appointments to the Board.

Part one of the review was undertaken by independent reviewer, Board Alchemy, and was conducted by way of a review of key standing information and artefacts and one-to-one interviews with non-executive directors and a number of members of the executive team, including the then Chief Executive and Chief Ombudsman. The review concluded that the governance arrangements under the existing Board sub-committee framework were generally fit for purpose and the committees by and large met the requirements of best practice. The review made a number of recommendations for enhancing the arrangements further and these fell into three broad categories: ensuring consistent and clear administration, clarifying the scope of the committees and extending the sub-committee framework.

At a meeting on 8 June, the Nomination Committee had undertaken an initial review of the findings and set out its key recommendations for consideration by the Board and executive to consider.

The Board and executive agreed the recommendations from the nomination committee. The more substantive enhancements comprised:

- The re-designation of the Audit Committee as the Audit, Risk and Compliance Committee, in recognition of the full scope of its remit and the business it routinely undertook in relation to risk and scrutinising the budget and key financial policies.

- The establishment of a new formal Board sub-committee to oversee Quality Assurance, in acknowledgement of the importance of quality given the role of the Service. The formal Board sub-committee would replace the existing 'critical friend' forum and ensure appropriate line of sight and accountability to the Board.

The next steps would be for revised ToRs to be drawn up and agreed by each committee (and in the case of the new Quality Assurance Committee, for new ToR to be drafted) ahead of the Board being asked to review and agree them. The Schedule of Matters reserved for the Board would be updated accordingly and again put to the Board for approval.

Actions:

- Board sub-committee ToR to be updated/drafted and submitted to the Board for approval. [July]
- The Schedule of Matters reserved for the Board to be updated and submitted to the Board for approval. [July]

07/2106 Funeral plans Instrument

fos/21/06/07

From 29 July 2022 funeral plans would become regulated by the Financial Conduct Authority (FCA) and fall within the Service's compulsory jurisdiction (CJ). The Board was asked to approve and make the instrument, *Funeral Plans 2021* in order to make amendments to the *Dispute Resolution: Complaints Sourcebook*. The changes would enable the Service to deal with complaints about acts or omissions of funeral plan providers and their intermediaries with effect from 29 July 2022, when those activities would come under full FCA regulation.

The Board was asked to make the rules in relation to the Service's voluntary jurisdiction (VJ) so that the ombudsman could consider a complaint about: (i) a provider's activities which were carried on from a non-UK establishment in the EEA or Gibraltar; and (ii) a provider's past activities and to expand the VJ to cover complaints about funeral plans where the funeral was to be provided outside the UK (given that complaints about such funeral plans would be specifically excluded from the scope of FCA regulation and the CJ).

The Board approved the rules.

AOB

Graham Brammer CBE, Non-Executive Director

Graham Brammer CBE was stepping down from the Board on 30 June. He joined the Board in September 2020, and during his time had made a significant contribution to Board business, including as audit committee chairman for an interim period. The Board and executive wished Graham well in his future endeavours.

Annette Lovell, Director of Strategy and Engagement

Annette Lovell, Director of Strategy and Engagement, would be leaving at the end of June after a long career at the Service, in which she had led the stakeholder team directorate and had overseen the Service's relationships with key stakeholders. The Board and executive wished Annette well in her future endeavours.