

Financial Ombudsman Service Limited

Minutes

Minutes of the meeting of the directors, held on 29 November at 10.15am

Present	Baroness Zahida Manzoor CBE	Chair of the board
	Bill Castell	Non-Executive Director
	Sarah Lee	Non-Executive Director
	Ruth Leak	Non-Executive Director
	Nigel Fretwell	Non-Executive Director
	Shrinivas Honap	Non-Executive Director
In attendance	Abby Thomas	Chief Executive & Chief Ombudsman
	James Dipple-Johnstone	Deputy Chief Ombudsman
	Karl Khan	Chief Operating Officer
	Chandra Hirani	Interim Chief Financial Officer
	Simone Ferreira	Interim Chief of Staff
	Alison Hoyland	Board Secretary
	Louise Corley	Secretariat Manager
Apologies	Jacob Abboud	Non-Executive Director

Conflicts

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

1/1122 Board and committee meetings:

The Board agreed the minutes of the Board meeting on 1 November.

The Board noted the minutes of the Remuneration Committee on 8 November. There was a short update on the Cost of Living payment and the Board noted the discussion the Chair of the Committee had prompted on the casework incentive scheme and the associated delegated authorities.

In noting the action log, the Board asked for an action on Workday reports to be added, to reflect previous discussions on the developing maturity of the system. Later in the meeting, the Board also asked about Workday functionality and user engagement/adoption, asking in particular about functionality improvement support and how this can best be delivered.

The Chairman provided brief updates to the Board on her recent meetings, including with the Economic Secretary to the Treasury and one the FCA Oversight Committee. Both meetings had been useful and constructive.

Actions

- Update on Workday maturity and report capability to be provided to the Board.
- Update on Workday functionality improvement support to be provided to the Board.

02/1122 Chief Executive and Chief Ombudsman update

fos/22/11/29

The Chief Executive and Chief Ombudsman provided an overview of the key highlights from her summary report. The Board noted the Chief Executive and Chief Ombudsman had been invited to attend the Treasury Sub-Committee evidence session on 13 December on proposals for an authorised push payment fraud reimbursement scheme. The session was being held with the Payment Systems Regulator, Pay.UK and the Financial Ombudsman Service.

The Chief Executive and Chief Ombudsman provided the preliminary results of the staff survey which showed good engagement in line with the strategic measure. The Board noted that set against the context of an organisation going through change, engagement levels had fallen slightly, compared to the previous year. The Executive team was analysing the results in more detail and work was in hand to consider proposals for an action plan. The initial analysis would be shared with the Board and the Remuneration and People Committee would consider the more detailed results and the action plan at its next meeting.

There was a short discussion on the Transformation Programme update and, in particular, on the digital portal, where the Board asked about software quality assurance and 'cloud' compatibility. The Board noted that the Transformation Committee was meeting the following week and would consider the programme update in more detail.

In response to questions from the Board about how the organisation would respond to a sophisticated ransomware attack, the Chief Executive and Chief Ombudsman confirmed that the Executive team had recently taken part in a business continuity exercise to test its capability in this regard. The exercise was being used to inform planning and mitigating actions. The Board asked about insurance cover and also requested an annual report on the service's plans for responding to such a threat as part of the assurance reporting.

There was a short discussion on data quality, data and reporting consistency and case categorisation. Data quality and consistency was a key priority for the new Chief Operating Officer and on case categorisation, this was being considered alongside the backlog reduction plans and workforce planning more generally.

Actions

- Initial staff survey results to be sent to the Board
- Update on software assurance in relation to the digital portal to be provided
- Update on insurance position in relation to cyber-attacks to be provided to the Board.

04/1122 Transformation programme

fos/22/11/29

Target Operating Model business case

The Board reviewed the business case for a proposed new casework structure. The benefits of the new model included improving the end-to-end customer journey, improving accountability and re-balancing resources in line with demand and allowing for maximum flexibility within a single casework framework. Under the proposed new model, new stretching service standards would be set to significantly reduce customer waiting times and the structures of the other casework functions would be simplified

and aligned.

In relation to the wider organisational design and enabling support functions, the Board noted that efficiencies and savings would need to be sought here also, and that this process had already started. The proposed casework and wider organisational changes were intended to be a key enabler to achieving financial sustainability, driving cost reduction and delivering value for money.

There was a useful discussion on the proposals and the Board provided some constructive feedback, particularly in relation to spans of control and the number of structural layers, as well as around taking care not to increase fixed costs and around maintaining flexibility. Getting the communications to staff right on the final plans would be important, so the Board asked the Executive team to consider the narrative to ensure it was clear and compelling. The Executive would review the specific points raised.

The Board approved the business case, noting the savings exceeded the costs.

05/1122 Budget

fos/22/11/29

2023/24 Budget and funding

At its meeting earlier in the month, the Board had asked the Executive to look at ways to reinvest the current savings to achieve more resolutions in line with the budgeted assumption of 220,500 closures. Ahead of discussing the 2023/24 draft budget, the Board approved the updated 2022/23 Q2 reforecast of 210,000 resolutions, to be met by an investment in further resources as well as an incentive for current case-handlers to increase their output above target and supported by case-progression improvements and other interventions.

In reviewing the latest draft of the 2023/24 budget, the Board set out its clear expectation for a greater degree of ambition in relation to the casework output assumptions. Earlier in the meeting, under the plans for a new casework model, it had discussed the changes planned to date and how they would help drive performance improvements, but that other changes, improvements and interventions would be necessary to drive performance even further. The Board appreciated, therefore, that setting a higher ambition for casework output was a departure from the usual approach of setting prudent budget assumptions, but it would send a clear signal for the level of performance improvement that was expected to improve the customer experience and drive down costs.

The Board provided some useful feedback on the draft consultation document where they felt it could be clearer and more concise. There were key highlights to focus on within the narrative which included plans to resolve more cases, more quickly and that the service was not increasing the levy or the case fee. The Board also noted the number of references to cost of living increases in the consultation paper and the potential for this to give rise to increased volumes. The Board said this should be more evidence based if it was going to be taken forward as an assumption and that it should be tested in the consultation and financial firms should be asked if they were expecting to see higher complaints as a consequence.

It was agreed that the Chief Financial Officer would review the draft consultation paper considering the feedback provided and then it would be recirculated to Board members for final comment before publication in mid-December.

06/1122 2023/24 Internal Audit

fos/22/11/29

The Chief Executive and Chief Ombudsman introduced and welcomed the Internal

Auditor to his first Board meeting.

The Internal Auditor explained he had reviewed and revised the Internal Audit plan for 2023/24 and refocused some of the planned audits to better align with the critical risks.

The Board thanked the Internal Auditor for sharing his plans and encouraged him to communicate any findings during the course of audits, if helpful to do so to secure early mitigating action, for example. The Board suggested it would be good to get management involved in the scoping of the audits and encourage them to identify areas of focus where systems and controls are in need of improvement.

There was a short discussion around resourcing of the Internal Audit office and the Board reminded the Internal Auditor of his independence from the Executive team and the Board.

AOB

Some Board members preferred the previous method for receiving Board papers and asked if other applications or tools for sending these could be considered.