

Miutes — Board Meeting on 22 May 2023, 10:15-13:45

Board Attendees The Baroness Manzoor CBE, <i>Chairman</i> Jacob Abboud, <i>Director</i> Bill Castell, <i>Director</i> Nigel Fretwell, <i>Director</i> Shrinivas Honap, <i>Director</i> Ruth Leak, <i>Director</i> Sarah Lee, <i>Director</i>	Executive Attendees <u>All agenda items</u> Abby Thomas, <i>CEO/Chief Ombudsman</i> James Dipple-Johnstone, <i>Deputy Chief Ombudsman</i> Karl Khan, <i>Chief Operating Officer</i> Jenny Simmonds, <i>Chief Finance & Risk Officer and Company Secretary</i> <u>Select agenda items</u> Jane Cosgrove, <i>Chief People Officer</i> Yvette Bannister, <i>General Counsel</i>
Other Attendees James Strachan KC, <i>External Speaker</i> Dame Gillian Guy, <i>Independent Assessor</i> Liz Cross, <i>Board Effectiveness Reviewer</i> Mark Sceeny, <i>Head of Business Management</i>	
Apologies None	

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Introduction

1. The Chairman thanked the Board Secretary for all her work over the years and introduced the new Head of Business Management.

Conflicts of Interest

2. Standing conflicts noted:
 - Bill Castell's role at Gamma Communications (FOS service supplier); and
 - Ruth Leak's NED role at Smart Metering Systems.
3. Two non-conflicting new NED roles disclosed on register for complete transparency.

Actions	Date	Owner
(i) Register of interests and FOS website to be updated.	Completed	Business Management Team (BMT)

Board Minutes

4. Minutes of 24 April 2023 Board noted and agreed, subject to:
- Board meeting in Manchester to be rescheduled for 2024 when Investigator Hub fully embedded.
 - Clarify that the CRS payment is for 2022/23 (i.e. the prior year); additionally requested a timeframe for implementing future reward strategy.

Actions	Date	Owner
(ii) Schedule a 2024 Board Meeting in Manchester Hub. ➤ <i>DCO will let Board know if visiting in 2023 so Members can join if available. Liaise via BMT.</i>	H1 2023/24	BMT
(iii) ESG to go on Sept agenda.	Sept Board	BMT

5. Minutes for ARAC noted and agreed.
6. Minutes for RemCo noted and agreed.

Actions Log

7. Action 1: Question raised as to whether data held will be clear enough to support differentiated funding; noted by COO/CFRO that the feasibility lens with regard to robust data is being applied as options are worked through.
8. Action 5: cases over 12 and 18 months must still be reported to Board even though action closed.

Actions	Date	Owner
(iv) Board actions to go in one paper and Sub-Committee actions in separate paper for full visibility. ➤ <i>Circulate Executive Committee structures for information.</i>	July Board	CFRO/BMT

CEO/Chief Ombudsman's Report

9. Noted that Ombudsman Manager restructuring and additional public holidays have affected April/May performances but envisaging significant improvements. Drive to get more cases allocated and to embed incentive schemes in good time at appropriate intervals to avoid peaks and troughs, and to prevent perverse behaviour.
10. Digital Portal penetration test partially successful — very high security affecting access to new APIs (*application programming interfaces*) but this will be fixed by the end of Q1.
11. Comms about 2023/24 pay rises went out last week and positively received so far by managers and staff both re level and new degree of autonomy for levelling and rewarding top performance.
12. Success in Timeshare Judicial Review noted with approval but took 8 years — now important to work all the cases sitting behind it swiftly, e.g. by engaging with firms about blocks of similar cases. Must carefully consider in future which cases we can or cannot take on if issues might be better suited for courts bearing in mind FOS's quick and

informal remit. Good coverage in press noted.

13. Risks Register: would like Executive view on where residual risks are, e.g. a one-pager on where we think we are on a go-forward basis for 2023/24.
14. All Executive Functional Reports noted.
15. Noted that considerations for operating model change have started in Legal, Finance and HR, with IT to also require a functional review. It will likely vary as to the level of change required.

Actions	Date	Owner
(v) Redraft risk register to one-pager to focus on most contemporaneous pressing things. Clarify definitions, e.g. what is classed as 'moderate' and why.	June Board	CFRO
(vi) Include variations in FTE in Casework Performance so can triangulate to allocations and conversions in CEO Report.	June Board	COO
(vii) Update on Ombudsman Manager role preferences (decisions v management) to review resourcing needs.	November RemCo	DCO/COO

3-Year Strategic Plan

16. Draft discussed with approval on the direction of thought leadership; this included noting
 - A sensible 'exam question' about what will make customers feel better irrespective of outcome (e.g. information and education for future financial decisions).
 - A strategy on a page will be incredibly useful to aid clarity and communication for various audiences.
 - A stressed importance to schedule the use of surplus reserves to achieve organisational transformation, continuous improvement and strategic aims.
 - A balance is required between the amount of ambition and the ability to execute within the time horizon under consideration.
17. Noted also the importance of improving and building data capabilities — to help plan resources and prevent complaints, e.g. early sharing of likely potential outcomes with parties based on past evidence of real cases.
18. Would welcome the next level of detail, in July, about spending on future investment initiatives beyond those in current plans as this represents a large part of the proposed allocation of funds.

Actions	Date	Owner
(viii) Agreed the updated 3-Year Plan, incorporating discussion points, would be brought to the July Board.	July Board	CFRO

People Strategy

19. CPO joined meeting to present paper on People Strategy.
20. Noted with approval — biggest things are reward strategy, academy and development

for our people, D&I targets, and new Manchester Hub which is attracting lots of interest from a wider demographic of talent than anticipated.

21. Noted need to ensure that regional hubs focus on local talent and include KPIs to track impacts and outcomes.
22. Noted need to ensure People Strategy dovetails with 3-Year Strategic Plan (CFRO and CPO confirmed they are working together, and with the rest of the Executive, on this)

Actions	Date	Owner
(ix) Future reward strategy to be reviewed and refined (including timetable and alignment with 3-Year Plan) and referred back to Board for final sign-off.	September Board	CPO

Independent Assessor's Annual Report

23. Dame Gillian Guy joined meeting to present her Annual Report about service complaints.
24. IA Report received and noted with thanks.
25. Draft Management Response noted with approval — suggestions received from Board for final version.
26. Headlines: IA does not see much of FOS work but is a good signal of what goes wrong. % of service complaints overall has reduced but % to IA going up. Upheld complaints are down to 40% but still needs to come down further. Broadly satisfied that FOS is fair and impartial. Complaints about fairness are creeping up; whereas ones about timeliness are going down. Main failings the same as last year, i.e. comms; timeliness; adequacy of investigator; and adherence to process. Note: these are IA *findings* rather than how complaint is presented by customer. 66% of service complaints are from the vulnerable.

Actions	Date	Owner
(x) Finalise and publish FOS Management Response.	July 2023	DCO/BMT
(xi) Publish compensation levels and guidelines on FOS website for service complaints. <ul style="list-style-type: none"> ➤ <i>Expectation that IA will give clear reasons if deviating from guidelines in awards.</i> ➤ <i>Levels/guidelines to consider individual impact on complainants — qualitative as well as quantitative.</i> 	July 2023	DCO

External Speaker

27. Yvette Bannister joined the meeting.
28. The Chairman and Board thanked James Strachan KC for his interesting talk about public law and judicial reviews (**JRs**) — and noted with approval that FOS has an excellent track record of defending unmerited applications. Counsel explained that, contrary to popular belief, JRs are certainly not impossible to win, so emphasised the importance of FOS continuing to get the law right; acting with procedural fairness; and making reasonable, rational decisions — as courts will intervene if they think a decision is irrational.

AOB

29. There being no other business, the meeting ended at 13:45.

30. The next Board is on **19 June 2023 in Coventry**.