

## **Board Meeting 10**

**9.00am – 2.00pm Thursday 19<sup>th</sup> November 2015**

**CIFO, 3 The Forum, Grenville Street, Floor 2 Boardroom, St Helier JE4 0WQ**

### **Minutes**

**Board of Jersey OFSO**

**Board of Guernsey OFSO**

#### **Present:**

David Thomas (DT) in the chair

John Curran (JC)

Debbie Guillou (DG)

John Mills (JM)

#### **In attendance:**

Douglas Melville (DM), Principal Ombudsman and CEO

Sophie Watkins (SW), Manager, Administration & Stakeholder Relations

#### **Apologies:**

None

1	<p><b>Minutes of last meeting</b></p> <p>The board noted a quorum was present.</p> <p>The minutes were approved.</p>	
2	<p><b>Guernsey OFSO</b></p> <p>The board noted the Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 had come into full effect on 16<sup>th</sup> November 2015.</p>	
3	<p><b>Jersey OFSO</b></p> <p>The board noted the Financial Services Ombudsman (Jersey) Law 2014 had come into full effect on 16<sup>th</sup> November 2015.</p>	
4	<p><b>Guernsey States actions:</b></p> <p>The board noted the Financial Services Ombudsman (Eligible Complainants) (Bailiwick of Guernsey) Order 2015 has been made and came into effect on 16 November 2015.</p>	
5	<p><b>Jersey States actions:</b></p> <p>The board noted the Financial Services Ombudsman (Eligible Complainants) (Jersey) Order 2015 has been made and came into effect on 16 November 2015.</p>	

<p>6</p> <p>6.1</p> <p>6.2</p>	<p><b>Funding timetable</b></p> <p>The board noted the funding timetable including that many items would require progression before the next board meeting.</p> <p><b>Consultation on amendments to the 2015 case fee and levy schemes</b></p> <p>There is a statutory requirement (under the funding regulations and order) for this to be concluded and decisions made regarding any amendments to be published by 9 January 2016 (within 4 months of the schemes being published). Changes are required to the Guernsey levy scheme to allow agents to respond on zero-rating.</p> <p><b>Consultation on review of funding regulations/order</b></p> <p>CIFO will consult on its proposals for any amendments under Regulation 9 of the Financial Services Ombudsman (Case-fee and Levy) (Jersey) Regulations 2015 and corresponding Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) Order 2015 in November for a 30 day period.</p> <p>Subsequently it must, within 12 months of the commencement of the Regulations, publish and provide to the Minister and CED either proposals re amendment of the Regulations for future years or reasons why no amendment is necessary. The board will need to write to both Departments by 21 January 2016.</p> <p>The board noted that proposals would be considered regarding allowing agents to receive and pay the levy notice and continuance of the 50:50 shared funding until there was sufficient data about the distribution of work, probably end 2017.</p>	<p>DT</p> <p>DM / SW</p> <p>Board</p>
<p>7</p>	<p><b>CIFO Chief Executive's Report</b></p> <p>The board noted</p> <ul style="list-style-type: none"> <li>• The progress on the memoranda of understanding with the Financial Services Commissions;</li> <li>• That an ongoing contract for maintenance of the website is required. The board are to comment on the new website design by 27 November 2015;</li> <li>• The arrangements for service of documents with the Guernsey Registry need to be formalised;</li> <li>• The new complaint management system would be available from February for modification;</li> <li>• The Principal Ombudsman is to attend a meeting of FIN-NET (the European Union network of financial ombudsmen) in Brussels on 10 December and will arrange to see the Channel Islands Brussels office if possible;</li> <li>• The constructive discussions with the UK Financial Ombudsman Service and the desirability of establishing a designated point of contact within its initial customer contact department.</li> </ul>	

8	<b>Finance</b>	
8.1	<p><b>Levy update</b></p> <p>The board noted the oral update on the status of levy payments and recommended that – in fairness to those who have paid – payment is pursued, non-payment is notified to the relevant regulator and debt collection activity used via the Petty Debts Court as required.</p> <p>The board requested a breakdown of levy payments received and outstanding is brought to the January board meeting. A deposit account should be opened to make best use of the account balance.</p>	SW
8.2	<p><b>2016 budget</b></p> <p>The board considered the draft 2016 budget and noted:</p> <ul style="list-style-type: none"> <li>• That the costs of the external billing and collection service need to be checked for 2016;</li> <li>• If case volumes are higher than expected, the additional case-related costs can be met from the operating reserve established from the 2015 levy;</li> <li>• For future assessment of the funding approach, it is important that the data recorded on complaints aligns with the levy parameters (see item 12.3 below on complaint data);</li> <li>• The request for budget approval should note that any 2016 case fees would, after any necessary rebuilding of reserves, go towards the reduction of the 2017 levy;</li> <li>• It should also note that the effect of the budget on the levy was based on the working assumption that the numbers of levy-payers would be the same as for the 2015 levy;</li> <li>• The budget would be amended in the light of the discussion and circulated by email to the board for approval, before submission for approval;</li> <li>• It was anticipated that the size of the levy charged to registered providers in 2016 would be lower than that charged for 2015.</li> </ul>	
8.3	<p><b>Q3 accounts</b></p> <p>The board noted the accounts and balance sheet for the third quarter of 2015. Some queries are to be followed up with the book-keeper, such as the accounts receivable, which appear low, and the need to rename 'members' equity' references.</p> <p>A meeting is being set with the auditors and book-keepers to prepare for the 2016 audit.</p>	SW/DG
8.4	<p><b>Corporate credit cards</b></p> <p>The board noted the application for a corporate card and approved authorised signatory status for the Manager of Administration and Stakeholder Relations. The credit card will be used only where required, such as for payments in relation to IT systems, with a limit</p>	

8.5	<p>of £2,000 per transaction as an internal rule. Any items paid by credit card will still need to have the invoice signed off and authorised.</p> <p>Individuals should pay for their own travel arrangements and be reimbursed through the expenses claim process.</p> <p>The cheques register needs to be renamed as the payments register and include a credit card tab. Other improvements to the register are to be discussed with the relevant board member.</p> <p><b>Pre-establishment expenses for each OFSO</b></p> <p>The board noted the document prepared for the book-keeper and auditor on the treatment of pre-establishment expenses.</p>	SW/DG
9	<p><b>CIFO Project Plan to Launch Date</b></p> <p>The board noted that this would be distributed after the board meeting.</p>	SW
10	<p><b>Consultations</b></p> <p>The board noted that:</p> <ul style="list-style-type: none"> <li>▪ Consultation paper 2 and 3 require a 1 – 2 page feedback paper prepared and published, noting any changes made to the guidelines and procedures as a result of the consultation.</li> <li>▪ Consultation paper 4: a feedback paper plus a revised version of the schemes, as necessary, will be prepared to be published. The amended scheme(s) will show the date made, date amended and any amended points underlined. The detail of any changes required are to be discussed with the chairman.</li> <li>▪ Consultation paper 5 and 6 do not have a set closing date. The consultation paper section on the website needs to be amended to show closed and live consultations. These papers to be moved to the closed section in due course (16 January 2016 – 2 months after publishing)</li> <li>▪ Consultation paper 7 will be on the review of the funding secondary legislation.</li> </ul>	<p>DM / SW</p> <p>DT/ DM/ SW</p> <p>DM / SW</p> <p>DM / SW</p>
11	<p><b>Multi-stakeholder relations strategy</b></p> <p>The board discussed the strategy paper and noted:</p> <ul style="list-style-type: none"> <li>• Information and feedback based on CIFO’s experience should be published regularly, potentially as a quarterly newsletter, aimed at all stakeholders and with a neutral tone;</li> <li>• Clarity on CIFO’s role is important (what it can and can’t do) and ensuring that stakeholders are giving out the right information especially in front-line roles (such as libraries, citizens advice, social security, States websites, Samaritans etc). A leaflet should be prepared for this purpose, which should be available in other relevant languages such as Portuguese, Polish and Latvian and available in paper format and on the CIFO website</li> </ul>	DM/SW

	<ul style="list-style-type: none"> <li>• Key stakeholders are EDD, CED, the regulators, industry and consumer groups. CIFO should be even-handed with industry and consumer groups though in practice it is possible that there will be more meetings with industry groups, because there are more of them.</li> <li>• That regular, scheduled meetings with the stakeholders are desirable to reduce the necessity for ad hoc meetings – perhaps quarterly;</li> <li>• Board members can be drawn on to assist with stakeholder management;</li> <li>• To obtain maximum benefit from CIFO’s limited resources, it should be proactive, rather than reactive, in identifying key events;</li> <li>• The board should be kept informed of significant developments between board meetings as they may be contacted directly.</li> </ul>	
12.1	<p><b>Communications and transparency strategy</b></p> <p>The board noted the strategy paper and that in essence the communications strategy should be to record data on CIFO’s handling of complaints and to publish this in a neutral fashion, especially at first in any areas such as jurisdictional boundaries. The aim is to be transparent on CIFO’s operation and to be seen as part of the framework underpinning confidence in financial services in the Channel Islands.</p> <p>The board recommended that discussions are held with CED and EDD on CIFO’s intended approach to transparency before publishing a transparency statement outlining the principles CIFO is adopting in regard to its activity.</p> <p>The strategy will be developed further.</p>	<p>DM</p> <p>DM/DT</p>
12.2	<p><b>Annual reporting</b></p> <p>The board noted the outline of other jurisdictions’ reporting style and board members will consider these further before the next board meeting for further discussion of the key messages it should impart.</p> <p>The report should be reasonably short and factual and should be published by CIFO after it has gone to the departments.</p>	
12.3	<p><b>Key performance indicators</b></p> <p>The board agreed that a quarterly report on key performance indicators as per the board paper should be prepared. Key data to be recorded and shown to the board included:</p> <ul style="list-style-type: none"> <li>• Location of financial service (Jersey or Guernsey)</li> <li>• Type of provider</li> <li>• Product area</li> <li>• Type of issue</li> <li>• Number of new cases</li> <li>• Number of closed cases</li> <li>• Number of cases in progress</li> </ul>	

	<ul style="list-style-type: none"> <li>• Age of cases closed and in progress</li> <li>• Stage at which resolved and the reason/outcome.</li> </ul> <p>The format should include tables (showing the numbers underlying the graphics) and graphs/charts, with some text limited to explaining items of note.</p> <p>It was agreed that data on types of provider should tie in with the licence/regulatory sector of levy payers. The board requested a clean spreadsheet of levy payers and licence categories is prepared for use in identifying suitable categories for respondents.</p>	SW
12.4	<p><b>Mission statement and principles</b></p> <p>The board discussed the suggested text in the paper. In essence, the key points to cover should be:</p> <ol style="list-style-type: none"> <li>1. What we do: take account of what the Laws say</li> <li>2. Why: to help underpin confidence in financial services</li> <li>3. How: high standards of transparency and fairness.</li> </ol> <p>The principal ombudsman and chairman will discuss wording to reflect this, to bring back to the board in January 2016.</p>	
13	<p><b>Staff pension arrangements</b></p> <p>The board discussed the competitive options presented and agreed that the CI Retirement Plan from BCWI was the most suitable option and that CIFO would meet the set up costs.</p>	
14	<p><b>Any other business</b></p> <p>The board noted the further exploration of jurisdictional issues relating to the boundaries of the pension jurisdiction.</p>	
	<p>Approved at board meeting 11 on 14 January 2016</p> <p>Chairman</p>	