

## Board Meeting 26

9.00am – 3:00pm Tuesday 22 October 2019

Board room, CIFO Office

St Helier, Jersey

## 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 Chief Executive

Alison Finn (AF), Financial Accountant

### Apologies:

Sophie Watkins (SW), Manager of Administration and Stakeholder Management

1	<b>Approval of the Agenda</b>	<b>Action</b>
2	<p><b>Approval of the Agenda</b></p> <p>Approved</p>	
3	<p><b>Declaration of interests or potential conflict with respect to the agenda</b></p> <p>No interests or potential conflict with items on the agenda were declared. A declared potential conflict of interest with respect to an item approved in a previous board decision by email was noted as set out under item 4.</p>	
4	<p><b>Minutes of the last meeting</b></p> <p>The board approved the minutes of the last meeting, noting a typo in item 9.4. [error corrected]</p>	
4	<p><b>Previous board decisions by email to note</b></p> <ul style="list-style-type: none"> <li>• Three late submissions for zero-rating were approved by the board subject to confirmation [subsequently confirmed] of the operating status of one of the FSPs (email from AF dated 20 September 2019).</li> <li>• One FSP challenge to a case fee was rejected by the board (email from AF dated 20 September 2019).</li> </ul>	

	<ul style="list-style-type: none"> <li>Request from an FSP to refund the 2018 levy or make an adjustment to the 2019 levy to compensate for request for late zero-rating was rejected by the board (email from AF dated 30 July 2019).</li> <li>Proposal to encourage an FSP that is a general partner to certify for zero-rating and, if certification received, to refund the 2019 levy was approved by the board (email from AF dated 30 July 2019).</li> <li>Pilot proposal to reduce the number of cases awaiting resolution by engaging two financial-ombudsman-experienced UK individuals, and designate each of them as an Ombudsman under CIFO legislation, was approved by the board. It was agreed to fund the pilot up to £20,000 out of the operating reserve. (Chair identified potential conflict of interest and abstained from voting)</li> </ul>	
5	<p><b>Guernsey OFSO</b></p> <p>The board noted:</p> <ul style="list-style-type: none"> <li>The publication of the Q2 complaints report (10 October 2019).</li> </ul>	
6	<p><b>Jersey OFSO</b></p> <p>The board noted:</p> <ul style="list-style-type: none"> <li>The publication of the Q2 complaints report (10 October 2019).</li> </ul>	
7	<p><b>Guernsey States actions</b></p> <p>The board noted:</p> <ul style="list-style-type: none"> <li>The legislation for the new CIFO funding structure will go before the Guernsey States of Deliberation on 27 November.</li> <li>The signing of the revised MOU between the Guernsey CfED and the Jersey Minister is to follow the States approval of the new legislation.</li> <li>The proposed legislation for the FSP-named summary complaint statistics publication has been lodged with the Guernsey Committee for Economic Development (CfED) and is due to go before the Guernsey States of Deliberation on 25 September.</li> </ul>	
8	<p><b>Jersey States actions</b></p> <p>The board noted:</p> <ul style="list-style-type: none"> <li>The legislation for the new CIFO funding structure had not been approved on schedule to be put before the States of Jersey. A briefing note for the Minister was prepared by the Chief Executive to enable the approval of the legislation on an accelerated basis, with the proposed date for the legislation being put before the States of Jersey of 27 November, with a fall-back date of 12</li> </ul>	

	<p>December.</p> <ul style="list-style-type: none"> <li>• The Chairman and Chief Executive were invited to appear before the Economic and International Affairs Scrutiny Panel on 1 November to discuss the new funding structure.</li> <li>• The signing of the revised MOU between the Jersey Minister and Guernsey CfED is to follow the States approval of the new legislation.</li> </ul>	
9	<p><b>Chief Executive's Report</b></p> <p>The board noted the Chief Executive's report and in particular:</p> <ul style="list-style-type: none"> <li>• The number of in-bound complaints has tailed off.</li> <li>• The number of cases awaiting resolution has been reduced from over 250 to less than 200 partly due to the pilot project mentioned above and the re-tasking of one of the four CIFO case handlers to focus primarily on less complex case files.</li> <li>• That the drafting of the consultation paper regarding publication of data showing comparative information on FSP's complaints numbers has been delayed [due to staff absence] and discussed approaches for pre-publication verification of data.</li> <li>• That CIFO's membership of the Ombudsman Association (OA) has been revalidated and the suggested opportunities to improve alignment to OA service standards.</li> </ul>	
9.1	<p><b>Complaint statistics</b></p> <p>The Board reviewed the Q3 operating statistics and approved the statistics for publication.</p>	
9.2	<p><b>Case-reduction project</b></p> <p>Phase 2 of the project was approved. The Chief Executive was directed to negotiate a new contract with a compensation approach based on a fee per case closed.</p>	DM
9.3	<p><b>Stakeholder meeting schedule</b></p> <p>The Board noted the stakeholder meetings for the previous period.</p>	
9.4	<p><b>Hospitality register</b></p> <p>The Board noted the register entries for the previous period.</p>	
9.5	<p><b>Media coverage</b></p> <p>The board noted the media coverage of CIFO during the previous period.</p>	

9.6	<p><b>CIFO Board calendar of activities</b></p> <p>The Board confirmed the following dates for its meetings in 2020:</p> <p>Board meetings: 21 January (Jersey), 29 April (Jersey), 22 July (Guernsey) and 20 October (Jersey).</p> <p>Annual meetings: Guernsey 22 July; Jersey 23 July</p>	
10	<p><b>Finance</b></p> <p>10.1 <b>CIFO Q3 financial accounts</b></p> <p>The board noted the Q3 financial accounts and the update on the 2019 levy and case fee collection.</p> <p>10.2 <b>CIFO cashflow update</b></p> <p>The board noted the cashflow update and that the position at year-end was currently estimated to be higher than previously planned.</p> <p>10.3 <b>Levy collection update</b></p> <p>The Board noted a late request for zero rating and directed management to obtain further clarification from the FSP on whether it was still conducting business.</p> <p>10.4 <b>Audit update</b></p> <p>The board agreed the deferral of the issuing of a request for proposals for auditors until May 2020 to give our new head of finance time to get up to speed.</p> <p>10.4.1 <b>Draft Audit RFP</b></p> <p>The board noted there may be a requirement for the Guernsey OFSO to use the Public Accounts Centralised system for the RFP. This is to be checked and confirmed.</p> <p>10.5 <b>CIFO Financial controls progress update</b></p> <p>The Board approved the recommendations for the payment limits to be implemented with HSBC.</p> <p>10.6 <b>Line of credit renewal</b></p> <ul style="list-style-type: none"> <li>▪ The Board approved management's recommendation to renew the HSBC line of credit for another year.</li> </ul>	<p>AF</p> <p>JC</p> <p>DM</p>
10.7	<p><b>Draft 2020 budget</b></p> <p>The board discussed the projected 2019 full-year costs and the proposed 2020 draft budget.</p> <p>It was noted that:</p>	<p>AF</p>

	<ul style="list-style-type: none"> <li>Funding for the proposed Phase 2 of the case-reduction project should come from reserves and not from increasing the 2020 levies.</li> <li>Operating expenditure overall proposed to increase by 7.4% over 2019.</li> </ul> <p>The Chairman requested a report to compare the percentage growth in complaints/cases workload to the percentage increase in the levy i.e. indexation analysis.</p> <p>Various levy calculations were examined during the meeting. The board agreed a 4.5 month operating reserve should be held at the end of 2020. The levy calculation will be adjusted to achieve an operating reserve figure of £388,000.</p>	DM
10.7.1	<p><b>Levy calculations 2020 budget</b></p> <p>In line with the approval to end 2020 with a cash operating reserve of £388,000, the levy calculation will be revised after the meeting and circulated to the board.</p>	AF
10.8	<p><b>CIFO 2020 budget commentary</b></p> <p>The board approved the 2020 draft budget as proposed, excluding (to reduce expenditure) the £35,000 budgeted expense for a lean process review.</p>	
10.9	<p><b>2020 cashflow analysis</b></p> <p>The board reviewed the cash flow analysis. It was noted that, if there was no increase to reserves, the cashflow position would be £324,000 at 2019 year-end. The Board felt this was insufficient to cover operating costs until the first of the 2020 levies were received. In line with the approval to end 2020 with a cash operating reserve of £388,000, the cashflow analysis will be revised and circulated to the board.</p>	AF
12	<p><b>CIFO consultations</b></p> <p>None</p>	
13	<p><b>Governance and Policy Issues</b></p> <p>Deferred to next board meeting</p>	
14	<p><b>Administration</b></p> <ul style="list-style-type: none"> <li>Director expense forms signed</li> </ul>	

15	<b>AOB</b> - None	
16	<i><b>In Camera</b> - Nothing to discuss</i>	
	Approved at board meeting 27 on 21 <sup>st</sup> January 2020  Chairman	