

Board Meeting 14
9.00am Thursday 20th October 2016
CIFO office, St Helier

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

George Butler, CIFO Financial Accountant, attended for items 6.1 – 6.4
Alan Dunn and Hayden Calver of R.A. Rossborough (Insurance Brokers) Limited attended for item 6.5

Apologies:

None


1	<p>Minutes of the last meeting</p> <p>The board approved the minutes of the last meeting.</p>	
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2	<p>Guernsey States actions</p> <p>The board noted:</p> <ul style="list-style-type: none"> ▪ That CED has approved CIFO's recommendation to extend the current approach of dividing the overall costs of CIFO's operation evenly between Guernsey and Jersey through to the end of 2018 and to enable CIFO to send levy notices to authorised representatives of registered providers. The required legislative amendments are on track and anticipated to be concluded by the middle of November 2016. CED signed the Financial Services Ombudsman (Case Fee and Levies) (Bailiwick of Guernsey) (Amendment) Order, 2016 on 1st September 2016, effective from that date, and has lodged the draft Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 (Amendment) Ordinance, 2016 (P.2016/43). ▪ That the updating of the MOU between CED and EDD is in progress. ▪ It was important that the definitions of complainant eligibility should continue to be matched between Guernsey and Jersey, even if there were to be any future change in the inter-island matching of activities covered. 	
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	<ul style="list-style-type: none"> ▪ The position on the sharing of sensitive information such as suspicious activity reports and ongoing developments. 	
3	<p>Jersey States actions</p> <p>The board noted:</p> <ul style="list-style-type: none"> ▪ That the legislative amendments to extend the 50/50 funding structure between the islands are on track and anticipated to be concluded by the middle of November 2016. The Minister for EDD lodged the draft Financial Services Ombudsman (Case-Fee and Levy) (Amendment) (Jersey) Regulations 201- (P.101/2016) for debate on 15th November 2016. ▪ That the updating of the MOU between CED and EDD is in progress. ▪ It was important that the definitions of complainant eligibility should continue to be matched between Jersey and Guernsey, even if there were to be any future change in the inter-island matching of activities covered. ▪ The position on the sharing of sensitive information such as suspicious activity reports and ongoing developments. 	
4	<p>Chief Executive's Report</p> <p>The board noted the Chief Executive's report and in particular:</p> <ul style="list-style-type: none"> ▪ That CIFO has commenced sharing relevant, objective complaints data with the Financial Services Commissions in accordance with the memoranda of understanding; ▪ That CIFO has started to receive requests from external agencies for information on individual cases. The board has mandated the Principal Ombudsman to handle such requests; ▪ That the Chair and Principal Ombudsman had met with the Director General and Director of Enforcement of the Jersey Financial Services Commission on 19th and 20th October 2016; ▪ That the plans for a meeting between the boards of CIFO and the Jersey Financial Services Commission will be revisited after the meeting with the Guernsey Financial Services Commission on 3rd November 2016; ▪ Some minor amendments to the draft text accompanying the Q3 complaint statistics and that these should be revised for publication by the end of October. These should include a footnote regarding the increases in referred complaints and rejected complaints noting that these are largely attributable to one mass complaint situation involving two financial services providers. This is in line with CIFO's approach on the publication of statistics, as stated in the 2015 annual report (see page 12). ▪ The board noted the briefing on mass complaints and recommended that unpaid case fees against financial services providers should be shown as uncollected in the published finances of CIFO and flagged to the departments. ▪ The board thanked the case-handling staff for the presentation on CIFO case studies that they gave before the board meeting. 	
5	<p>Publication of determinations</p> <p>The board approved the approach for the publication of determinations.</p>	

6	<p>Finance</p>	
6.1	<p>The board noted the Q3 financial accounts, the forecasts to 2016 year-end and the cash-flow analysis 2016-2017.</p>	
6.2	<p>Update on the 2016 levy collection</p> <p>The board noted:</p> <ul style="list-style-type: none"> ▪ The update on levy collection; ▪ That staff should check what information is provided to new licensees by the Financial Services Commissions on CIFO levies; ▪ That a consistent approach should be applied regarding zero-rating so that financial services providers that fail to apply for zero-rating in the specified time period are held liable for the levy out of fairness to other levy-payers, utilising the policy for writing off uncollectable debts. 	
6.3	<p>Levy income scenario analysis 2017 - 2018</p> <p>The board considered the analysis provided with options for the levy-setting approach for 2017 and 2018. After discussion of the scenarios, the impact on reserves and consideration of case fee amounts, the board approved (for consultation where appropriate):</p> <ul style="list-style-type: none"> ▪ Increasing the total amount planned to be raised by levies by 5.7% in 2017 and (subject to the working assumptions remaining the same) 2018; ▪ The planned levy total amount to be in conjunction with a planned increase in case fees to £300 and £750. This would shift the balance moderately between case fee and levy income to increase the amount of volume-related income in advance of the planned review of the funding formula for 2019 onwards; ▪ The case fee increase to be consulted on in early November 2016, in order to enable revised case fee schemes to be in place for 1st January 2017, which will assist with the levy consultation in Q1 2017; ▪ Research to be done on whether, under the legislation, CIFO is able to apply an administration fee on late payment of levies and case fees instead of interest and if so to include this in the case fee consultation; ▪ Advising the departments of the approach chosen, during the budget approval process (see 5.4). 	
6.4	<p>2017 draft budget</p> <p>The board approved:</p> <ul style="list-style-type: none"> ▪ the 2017 draft budget as presented; and ▪ for the budget to be put to CED and the Minister for EDD for approval with the working assumptions on which it is based and with the details of the planned levy approach for 2017 and 2018. Under the primary legislation, CIFO must, before the start of each financial year, adopt an annual budget which has been approved by CED and the Minister for EDD. 	
6.5	<p>Insurance</p>	

6.6	<p>Alan Dunn and Hayden Calver of R.A. Rossborough (Insurance Brokers) Limited attended for a discussion on the coverage under the Management Liability insurance policy for potential costs in relation to judicial reviews of ombudsman decisions. The insurance brokers agreed to obtain further confirmation from the underwriters that such costs could come under the 'other wrongful acts cover', with CIFO officers to provide further explanation as necessary.</p> <p>The insurance brokers also confirmed that the exclusion and limitation of liability under schedule 1 of both the Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 and the Financial Services Ombudsman (Jersey) Law 2014 had contributed to reduce the premium for the policy, specifically in respect of the directors' and officers' liability cover, and agreed to provide a breakdown of the premium.</p> <p>The board noted that the insurance schedule recorded CIFO's status as 'Company' and requested this is changed to 'Organisation'.</p> <p>Details of the travel insurance policy is to be forwarded to directors again for further information.</p> <p>2016 audit planning</p> <p>The board approved the Principal Ombudsman to sign the supplemental agreement with the auditors regarding access to a collaborative information exchange portal.</p>	
7	<p>CIFO calendar of activities and board meeting schedule</p> <p>The board requested the calendar of activities be circulated by email.</p> <p>The board noted the timings of the board meetings in 2017 and in particular that the end Q1 (29 March) and end Q2 (3 July) meetings will be too early to consider the quarterly management accounts and the quarterly complaint statistics. The board approved that the management accounts for these meetings should be for the first two months of the quarter with the complaints statistics circulated for comment by email when available.</p> <p>The board noted the preparations being made for the audit of the 2016 financial year and that discussions are underway with the out-sourced book-keepers and the auditors about the earlier timing of the end Q1 board meeting (29 March 2017) at which the financial statements and audit should be considered and signed off.</p> <p>The board noted that the 2018 board dates will be scheduled in September 2017 and that they are asked to keep the 2 weeks after the quarter end free for this purpose.</p>	
8	<p>CIFO Consultations</p> <p>The board approved the publication of the feedback paper on consultation paper 7 – Funding of the Channel Islands Financial Ombudsman.</p>	

9	<p>Quality control, external review and stakeholder satisfaction surveys</p> <p>The board approved the proposed approach, namely that:</p> <ul style="list-style-type: none"> ▪ Quality control is a management responsibility and management is therefore expected to develop appropriate means of identifying and addressing quality issues and to share the results of such efforts with the board; ▪ External reviews are a valuable tool for ombudsman schemes but that it is too early in CIFO's development to usefully engage in such a process; ▪ Stakeholder satisfaction surveys as proposed in the paper should commence. 	
10	<p>Any Other Business</p> <p>The board requested staff explore whether the folders of board papers can be more prominently flagged and accessible at a higher level on the shared document area.</p>	
	<p>Approved at board meeting 15 on 19 January 2017</p> <p></p> <p>Chairman</p>	