

Minutes of the 83nd meeting of the Council of The Ombudsman Service Limited

1pm on Tuesday 3 November 2009 at the offices of
Ombudsman Services, Wilderspool Park, Warrington

Present:

Council: Peter Holland (Chairman)

Tony Allen
Shelia Button
Jean Couper
Garry Felgate
Steven Gould
Chris Holland
Chris Kenny
Julie Meadows

In Attendance: Lewis Shand Smith (Chief Ombudsman)
Richard Brown (Chief Operating Officer)
Gillian Fleming (Ombudsman)
Richard Sills (Ombudsman)
Andrew Walker (Ombudsman)

Andrew Bradley (Secretariat)

1. Apologies for Absence

None.

2. Minutes of the Council Meeting held on 14 July 2009

Approved subject to minor amendments to drafting.

3. Matters Arising

Previous Action Point 1: *Member Boards to appoint a representative to the Selection Panel.* The Member Boards have appointed Chris Holland to represent them at the selection panel.

The vacancy for Chairman will be advertised in the Sunday Times on 8 November and will appear on the Sunday Times website for thirty days. The selection process is scheduled to take place in December and the interviews on 27 January.

Previous Action Point 2: *Chief Ombudsman to send a note to Member Board Chairmen.* Each Board has been informed of progress and is being regularly updated.

Previous Action Point 3: *Reports on forecasting to be prepared by Executive.*
Proposals and their financial implications were provided for the Council.

4. **Chairman's Report**

A letter had been received from Sarah Harrison, Senior Partner, Sustainable Development, Ofgem. Concerns about the performance of the service were expressed. The Chairman was clear that this is a serious matter which must be robustly addressed. The planned restructure of the service will have a positive effect on the ombudsman's ability to manage demand.

AP1: A meeting between the Chairman, Lord Mogg and Sarah Harrison to be arranged.

The Chief Ombudsman and the Chairman had met with Lord Whitty, Chair, Consumer Focus. This was a congenial meeting. Consumer Focus is aware of the effect that increased numbers of complaints is having upon the ombudsman service. Consumer Focus will be looking more closely at the communications industry and at some parts of the property industry in the coming year.

Arrangements for Christmas were discussed. The importance of spending time with the staff was stressed. The programme will be confirmed nearer to the time.

AP2: Elizabeth France to be invited to attend the Council Christmas Dinner.

5. **Executive Report**

Volumes and Reputation

The Terms of Reference for each scheme state that, after accepting a complaint, the Ombudsman should seek to achieve a "Mutually Acceptable Settlement" before moving on to Investigation. This is something the service currently does through the use of Mediation and Pre-Investigation Case Closure (PICC).

Plans for developing Mutually Acceptable Settlement (MAS) had been discussed pre-meeting. Important changes to the ombudsman's procedures are being put in place. These will enable faster resolution of simpler complaints. Changes include introducing a new method of early resolution. Changes to the organisation structure are required to support this. The costs for implementing the changes were given. The criteria for differentiating those cases which should be handled using MAS were given. The ability of member companies to implement changes to their operation will be an influencing factor to the success of this change to process. Initial feedback from member companies has been positive.

The impact of the re-structure on performance was discussed. Downward delegation will significantly increase the speed at which complaints are resolved. Getting the right resources in the right part of the business will be crucial.

AP3: An update on the introduction of MAS to be given at the next Council meeting.

The outsourcing agency is now up-to-speed. Eight officers are operational at present. A further five are in the pipeline. Robust quality checking is being undertaken and at present the quality of the work being delivered is holding up to standard.

A report on 2009/10 processing requirements was given. The differences between the budgeted numbers and projected averages were demonstrated. The Executive will be in a better position to predict when the service will come back within compliance with the six week target in January/February/March 2010. The effect of the Christmas closedown was discussed. The use of overtime during this period is worth looking at.

First In, First Out (FIFO) as an operational procedure should be given further consideration

AP4: Executive to make recommendations relating to FIFO at the next Council meeting.

It was agreed that graphs 1a, 1b and 1c are no longer required.

Human Resources

Induction training for the last of the people recruited over the summer has been concluded.

Eight out-workers are being used.

There are now 42 Investigation Officers.

There are six external people working at Ombudsman or Assistant Ombudsman level to remove the Final Decision backlog.

The total headcount is 152 (excluding independent Council members).

Accommodation

The office on the 2nd floor is now operational.

Performance of IT systems

The hosted environment has experienced a degraded performance over the past few weeks with a number of un-related issues reducing available uptime.

Problems with IT were discussed. Memory issues are coming to the fore and the final stage of virtualisation is becoming more urgent. Full implementation of this is expected to be completed by the end of November. Interim solutions are being put in place in the short term.

This is a major risk factor for the business. The amount of down-time is unacceptable and is causing anxiety.

AP5: The Executive to prepare a paper for the next Council meeting, on what the current IT problems are and how they are being addressed. Consideration of the

technical side and of the responsiveness of the current IT provider (in terms of a service level agreement) will be required.

The figures for August and September show that Provisional Conclusions are well down while Final Decisions are well up. Financial awards are also higher.

AP6: The Executive to explain the reasons for this for the next Council meeting.

Background data had been included behind the AHT report. Council members agreed to delete this information from all systems.

AP7: The Executive will explain why this happened at the next Council meeting. In addition the format of the report will be changed to become a small table.

Membership

An update on the status of an Otelo member was given. The case for expulsion was discussed and the decision was taken to remove this company from membership on the grounds that it has failed to implement remedies as required by the Ombudsman.

Meetings/Presentation/Visits

Sky – Scotland training session for Sky Talk and Sky Broadband
Central networks – overview of process
ANACOM – Portuguese telecoms regulatory authority
2 x Npower conference calls
Meeting with the Consumer Focus extra help unit in Glasgow
Evaluation of the customer journey
Overview with Good Energy
Pipex quarterly review meeting
BT actual financial loss training
Meeting with the Intellectual property office
EDF quarterly review meeting
Scottish Power networks – overview
Scottish Power quarterly review meeting
Scottish and Southern quarterly review meeting
Utility Industry Awards judging
Attended Ofcom Consumer Focus for Communications
Presentation to Trading Standards Wales annual conference
Attended Energy Network Association well connected reception
Meeting with the National Landlords Association
Presentation to Bulgarian Energy Industry (Uconomics)
Consumer Focus Roadshow
Meeting with Ofgem
Attended AJTC reception in London
Meeting with Local Government Ombudsman
Meeting with Scottish Power Networks
Meeting with Lord Whitty (Consumer Focus)

5b. Finance Board Report

A meeting was held on 20 October, the minute is attached.

The Council Chairman observed that some elements of financing are fundamental and must be decided by the Council. Authority to sign off the budget was discussed. The detailed debate is always to be handled by the Council. The role and duties of the Finance Board were discussed. There were some concerns about the deficit and the reserves and it was agreed that these should be debated in greater depth by the Council.

6. Otelo Member Board

A meeting via teleconference had taken place on 24 September.

The election process has begun for a category A Member Board representative.

There was an initial discussion on funding options.

There was an initial discussion on the role and structure of the Member Board

The Board agreed that Chris Holland should continue as Chairman of the Member Board for a further period of two years.

7. Energy Member Board

A meeting via teleconference had taken place on 27 October.

Each member had provided forecasting information to the Energy Member Board. A summary of this had been passed to the Executive. The data did not include estimations on numbers of Small and Medium Enterprise (SME) complaints. Richard Sills noted that the predictions appeared to be optimistic and not in line with current trends. The Chairman of the Energy Member Board went back to the energy members and encouraged them to provide more reasonable predictions upon which the Member Board can be confident.

The Chairman had spoken with the Chairman of the Council and with Ofgem about the appropriateness of holding an additional meeting via teleconference after the Board meeting to give an update on the decisions made to deputy members of the Board. As no problems were perceived this was agreed.

The Chairman of the Member Board had been copied in to the letter from Ofgem. He noted concerns over poor forecasting. It was agreed that this letter must be taken very seriously. The Chairman of the Energy Member Board acknowledged that the Board must err on the side of caution in making predictions on future numbers. He and his members expressed their firm belief in the ombudsman process and their commitment to supporting it.

8. **SOS Member Board**

A meeting had taken place on 22 October.

The outcome of the first customer satisfaction survey was discussed.

There was a discussion about whether the Board should become entirely independent and align itself to the work of the Property Standards Board. It was thought that ownership of the scheme would not be an issue as long as members provide adequate financial support to the scheme. The critical mass of incoming organisations should determine whether a seat on the Board is possible. It was considered likely that the RICS Regulatory Standards Board would be happy to take a step back.

A proposal to change the name of the business to reflect a broader remit was discussed. A decision on this was held over until the next meeting.

Proposed changes to the definition of a consumer were discussed. It was appreciated that the ombudsman must be able to exercise proper discretion in determining whether a complaint should be accepted for investigation. Changes to the terms of reference will be substantively discussed at the next meeting.

9. **Ombudsman Service 2010-13: Operations Review**

A paper was circulated for information. Clarification was given on some of the key points and the Chief Ombudsman asked for comments to be sent to him via email.

Time and Date of next meeting

2:15 to 5pm, 15 December at the offices of Ombudsman Services, Warrington. **Important note:** The meeting will be preceded by a lunch with all staff 12:00 to 2pm.