

June 2016 Quarterly CCO meetings

Record of the Groceries Code Adjudicator (GCA) Quarterly Meetings with Code Compliance Officers (CCO)	
Location	Purpose of meeting
GCA, Victoria House, Southampton Row, London	Quarterly progress meetings
Attendees	
GCA Christine Tacon (CT) Helen Gordon-Lee (HGL) Matthew Sabourin (MS)	<p><u>13 June 2016</u></p> <ul style="list-style-type: none"> • Iceland Foods Limited – Duncan Vaughan • Marks and Spencer plc – Max Gillibrand and Robert Steadman • Aldi Stores Limited – Jonathan Ward <p><u>15 June 2016</u></p> <ul style="list-style-type: none"> • Lidl UK GmbH – Tim Belser • Wm Morrison Supermarkets plc – Steven Butts and Denise Harris <p><u>20 June 2016</u></p> <ul style="list-style-type: none"> • J Sainsbury plc – Susannah Parden • Tesco plc – Emer Kelly and David Ward <p><u>29 June 2016</u></p> <ul style="list-style-type: none"> • Co-Operative Group Limited – Phil Wilsmer, John Leydon and Peter Fenton • Waitrose Limited – David Roberts, Loraine Woodhouse, Catherine Hasler and Sarah Tomsett <p><u>1 August 2016</u></p> <ul style="list-style-type: none"> • Asda Stores Limited – Sarah Dickson
Key Points Raised	
<p>GCA update</p> <p><u>YouGov Survey</u></p> <p>An overview of the results of the GCA annual survey was provided, with individual feedback given to each retailer. YouGov presented the survey findings at the GCA conference on 27 June.</p> <p><u>GCA Conference</u></p> <p>CCOs were advised that the GCA would launch the new Top 5 issues and the consultation on payments for better positioning of goods at the conference and that the Minister of State for Small Business, Industry and Enterprise, the Director-General of the Food and Drink Federation and YouGov would all be presenting. The afternoon session of the conference would be for direct suppliers and would have a focus on both the consultation and Top 5 issues.</p> <p><u>Consultation on better positioning</u></p> <p>The investigation by the GCA into Tesco plc, which considered the issue of payments for</p>	

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better positioning of goods under paragraph 12 of the Groceries Supply Code of Practice (the Code), concluded that the course of action would be a consultation on the scope of indirect requirements for payment to secure better positioning of goods or increased shelf space within a store. The GCA would like to know more about a range of practices relating to payments for better positioning and allocation of shelf space and their impact on direct suppliers in particular. Responses to this consultation will help the GCA understand how widespread these practices are among the ten retailers regulated under the Code, what forms they take, their impact on suppliers and their effect on competition and consumer choice.

The GCA will also require information from the ten regulated retailers in relation to the points raised in the consultation so retailers are not required to complete it, although are welcome to do so if they so wish.

The consultation will run for twelve weeks to 19 September 2016.

GCA Levy 2016-17

The levy methodology had been approved by the Minister. Details were provided to the retailers and invoices will be issued in June.

GCA compliance and monitoring

The GCA compliance and monitoring policy has now been published.

BIS review and call for evidence

In due course, BIS would be publishing its review on how the GCA has met its statutory functions. A call for evidence to address other questions, including whether the GCA remit should be extended would also be published.

The GCA will consider how to respond to these documents once they were launched. In the meantime, the GCA did not consider it appropriate to discuss the issues with NGOs or other organisations. The transcript from the Westminster Food and Nutrition Forum is available where the GCA addressed her view on the practical issues of an extension to the remit.

Annual compliance reports 2015/16

Feedback on retailer annual compliance reports were given to those who had submitted them.

Treatment of optional lines in the Groceries Supply Code of Practice

The GCA made clear that, in relation to paragraphs of the Code which include the phrase 'unless provided for in the Supply Agreement', these parts of the Code should be subject to negotiation between suppliers and retailers. There must be evidence of opt-outs from the Code being individually negotiated with suppliers and genuinely agreed. There could not be a universal and automatic agreement assumed by the retailer to have been given by every supplier to these opt-outs. It was likely that standard terms and conditions alone could not satisfy the GCA on this point.

Key Discussion items

GCA Top 5 issues - update

The GCA announced the new Top 5 issues at the annual conference.

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Forensic auditing

The GCA reminded retailers about the voluntary commitment to time limit forensic audits to the current and previous two financial years from the date of agreement to the voluntary approach as distinct from starting with invoices from that date as had recently been reported was the practice by some third party auditors. Those retailers that used the services of third party auditors were asked to ensure this was properly represented to suppliers.

Drop and Drive – general principles

Individual feedback was provided to relevant retailers about the assessment by Simply Supply Chain Ltd of errors reported by retailers against those validated by suppliers and their consolidator.

CCO progress report:

The CCOs provided hard copies of their quarterly compliance progress reports, which covered the following areas in accordance with the agenda:

- Consumer complaints;
- Delays in payments;
- Forecasting/Service levels;
- Requests for lump sums;
- Artwork and design charges.

The reports were reviewed and discussed.

AOB:

De-listing guidance

Supplementary guidance on de-listing practices specific to the fresh produce sector had been circulated in draft to CCOs. Comments were invited.

Artwork and design charges

Individual feedback was provided on an anonymised basis to the nine retailers that charged for artwork and design services about how the approach and costs set out in their rate cards compared to each other. The GCA would be continuing work on this issue over the coming months.

Rates for cost-recoverable activity

CCOs were reminded that the GCA had published a policy document setting out the new rates applied for cost-recoverable activity, as well as the circumstances in which they would be applied. The rates would be updated from time to time.

Monitoring of closed Top 5 issues

As part of the approach to monitoring compliance by retailers, the GCA advised that she would be carrying out an annual review of progress against closed Top 5 issues. It was intended that the review of consumer complaints and drop and drive would take place in September 2016. The review of forecasting and service levels would take place in March 2017.

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Code clarification case study (raised at CCO meetings on 20 and 29 June 2016)

The GCA advised that a new Code clarification case study had been published on 20 June 2016.